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CIVIL CONTRACT AWARDS FOR YACYRETA UNDER CONSIDERATION

Buenos Aires LA PRENSA in Spanish 8 Mar 81 Sec 3 p 3

[Text] The awarding of construction and supplies contracts totaling some $1.9 billion is the focus of attention at present for the authorities of the Yacyreta bilateral (Argentina and Paraguay) project, international financial institutions, the many commercial banks that will be providing the funds and several dozen construction, metalworking, etc. consortiums and companies that will be taking part in the corresponding international public bidding.

Analysis and discussion of the various proposals have taken longer than expected (announcements were expected by late 1980), and the executive director of the two-nation agency, Jorge A. Pegoraro, whom we interviewed, stated that no acceptances or tentative acceptances have yet been decided on with regard to the main construction work. Nor is it true, as the press has said, that the companies submitting bids have been asked for supplementary reports. The final decision, he said, will be announced when the technical and financial studies now under way are completed and the two-nation agency reaches an accord on the best option.

Seis Chocones

For Argentina, Yacyreta is the largest and most costly engineering project it has ever undertaken. Its magnitude is comparable to Seis Chocones, and when its 20 turbines are eventually in operation, it will deliver to the national power grid (the entire country) the equivalent of half the nation's current consumption of electricity. It will also make possible navigation on the Parana River up to Posadas and Encarnacion (Paraguay) with oceangoing vessels and will bring about major geographic and economic changes in an extensive region in northeast Argentina (Misiones and Corrientes) and southeast Paraguay, which will include the relocation of several thousand residents in the zones that will be flooded as well as the construction of roads, housing and ports.

The total cost of the project in 1977 dollars (when final agreement was reached on the design during General Videla's visit to Paraguay) is $2.706 billion. When the price increases during the construction period and loan amortizations are taken into account, the cost of the project rises to $7.119 billion (again in 1977 values), with the following breakdown:

Category	Millions of Dollars
Engineering and administration	$272
Preliminary works	$108
Construction works	$1,339
Generating and electromechanical equipment	$479
Indemnization (1)	$74
Relocation (1)	$434
Subtotal	$2,706
Price increases	$1,050
Interest during construction	$1,752
Working capital	$104
Loan amortization	$1,507
Total	$7,119

(1) For flooding and expropriations

Sources of Financing

The domestic and foreign financing schedule looks like this:

1. Local sources	Millions of Dollars
Capital	$100
Electricity sector funds	$2,635
Local banks	$300
Self-financing	$1,884
Subtotal	$4.919
2. Foreign sources	
Inter-American Development Bank	$210
International Bank of Reconstruction and Development	$210
Export credits	$830
Commercial banks	$950
Subtotal 2	$2,200
Total (1+2)	$7,119

The local funds come mainly from the energy funds that the Argentine Republic will provide and that consist of taxes collected specifically for major energy projects. The allocation of these funds was decided on after the Secretariat of Energy conducted a study on the Argentine electricity sector to set the investment timetable for the decade.

The local sources also include funds from self-financing, which total $1.884 billion (1977) dollars in the form of energy sales during the project construction period. Pegorara told us that the first turbine is expected to go on line by late 1986 and the 20th (there are 20 during the first phase) by late 1990.

The Construction and Supplier Contracts

The construction and supplies contracts that have been bid on and that the Yacyreta authorities will be awarding can be broken down as follows (in millions of dollars), Pegoraro told us:

Construction works	$1,500
Twenty turbines	$180
Generators	$70
Flood gate	$70
Navigation lock	$20
Estimated total	$1,840

The above amounts are initial estimates based on the requests made and the offers received. The exact figures will be available when the acceptances are made. Only one tentative acceptance has gone out, for the flood gates at the spillways and the powerplant, a $66,325,655 contract that went to the Metanac-CIE [Electromechanical Engineering Consortium] group, the former being Argentine, the latter Paraguayan.

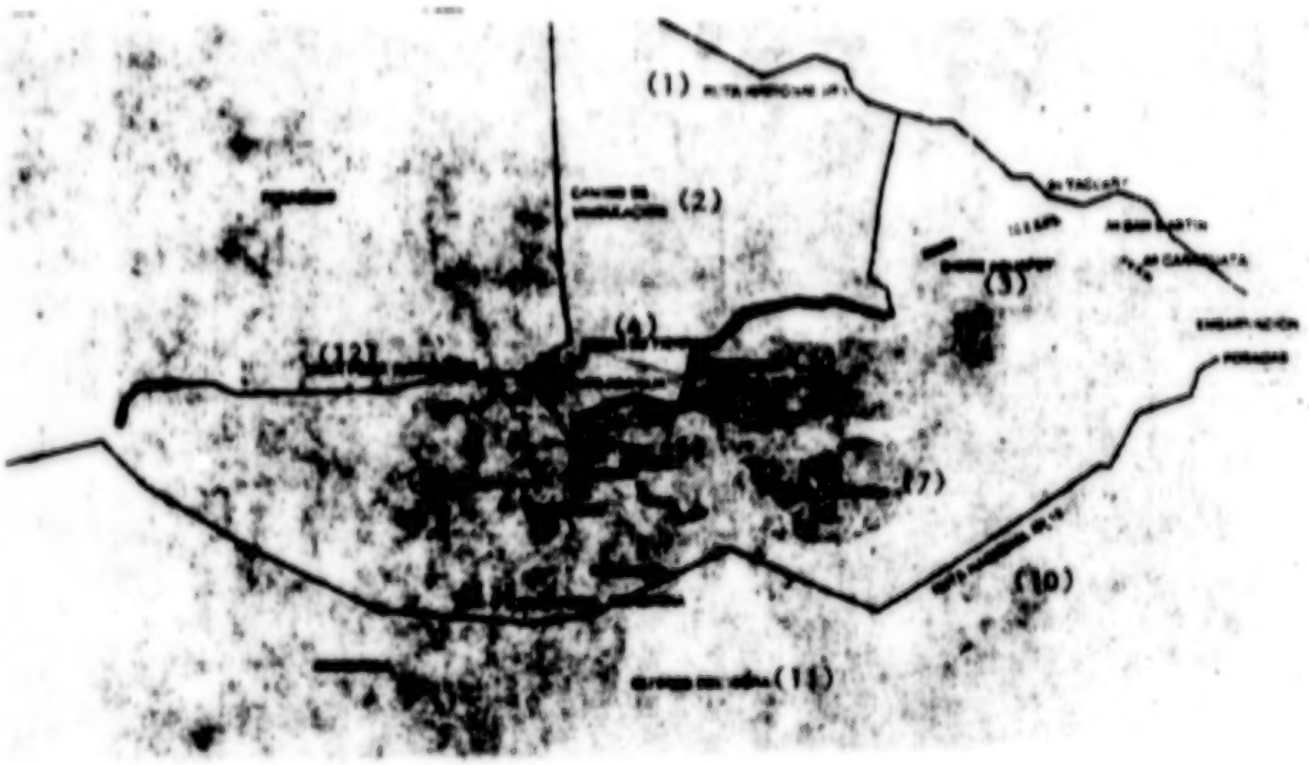
Construction Works

Five international consortiums took part in the bidding for the construction works and submitted the following basic offers on 2 June 1980 (in billions of dollars):

ICA (et al.) consortium	$1.811
Others	$1.480 (with alternative)
Empresa Constructora Yacyreta (Impregilo)	$1.706
Cons. Yacyreta (Joint Venture). Dragados y construcciones	$1.763 (with alternative)
Consortium of Dumez S.A., Constructores MKI and associates (Morrison Knudsen Inc)	$2.300
Knudsen (alternative)	$1.859

Dumez is a French company, and this is the first time that it has come to Argentina. Impregilo is the consortium that built the El Chocon and Salto Grande projects. It is part of Impresit, Fiat's civil engineering group.

When asked specifically about this bidding (where the most money is involved), Pegoraro stated that no acceptances or tentative acceptances have been issued, nor has the Argentine Government made any recommendation or suggestion to the Paraguayan Government, inasmuch as the issue is being considered within the Yacyreta bilateral agency, which includes an equal number of advisers from both nations, including Armed Forces officers and representatives from the respective Foreign Relations ministries.



General Layout of the Works

Key:

1. National Route 1
2. Connecting road
3. Aguapey Dike
4. Earth-fill dam
5. Ana-Cua Bridge
6. Main lock
7. Talavera Island
8. Apire Island
9. Spillway
10. National Route 12
11. Inlets of the Ibera
12. Permanent Argentine town
13. Permanent Paraguayan town

In addition, he asserted that according to the timetable that was outlined to the president last month, the main construction project is supposed to begin this year, for which purpose work is well under way on the access roads from Route 12 in Corrientes and from Route 1 in Paraguay, as well as the road that will connect National Route 12 with Paraguay's Route 1, crossing the Parana River above the crest of the main dam and over a 1,600-meter bridge (which is half completed) across the Ana-Cua inlet.

Also under construction are the two permanent towns of 300 dwellings each in Ituzaingo, Argentina and Ayolas, Paraguay, as well as the personnel camps, which will consist of 5,600 single-family dwellings (2,800 on each bank of the Parana River) and dormitories for bachelors.

The 20 Turbines

Seven international consortiums are involved in the bidding for the contract to supply the 20 turbines, which will have a rated capacity of 135 megawatts each and an approximate discharge diameter of 9.5 meters (one of the largest). The groups include companies from Austria, the United States, Japan, Germany, Great Britain, the Soviet Union, Italy, Canada and Switzerland.

The lowest basic offer is from Allis Chalmers of the United States, $172 million, which increases to $185.5 million under the alternative with maximum local input.

Seven consortiums (some are the same as above) are also bidding on the contract for the 20 generators. The lowest basic bid in this case comes from Alsthom Atlantique, of France, $74.6 million, which rises to $81.6 million under the alternative with maximum local input.

As we stated at the beginning of this article, business and banking circles are understandably anxious to hear about all these contracts, which will total some $1.9 billion, and the main interested parties are disseminating, either directly or through intermediaries, information about the various proposals and alternatives and their relative advantages or disadvantages.

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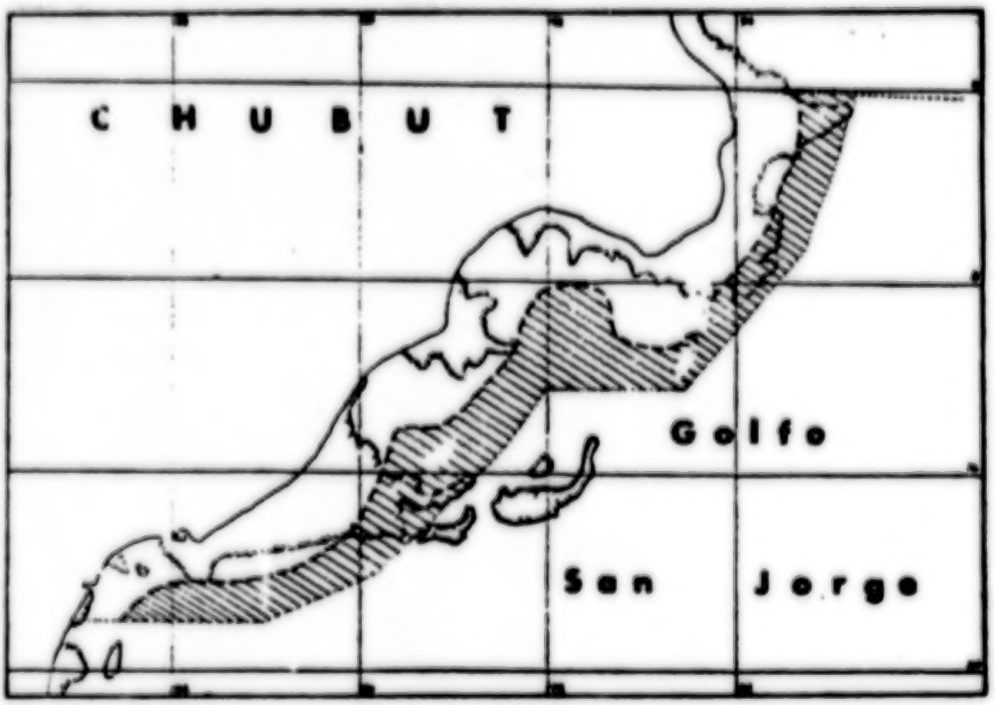
CSO: 3010

YPF CALLS FOR BIDS ON OIL EXPLORATION

Buenos Aires LA NACION in Spanish 7 Mar 81 p 4

[Text]



The gray area is where the YPF [Government Oil Deposits] has called for bids on hydrocarbons development and production. It is called Restinga Ali.

The YPF has called for bids on hydrocarbons development and production activities in the area called Restinga Ali in the Argentine waters in San Jorge Gulf off the coast of Chubut Province. It covers about 1,324 hectares.

The bidding terms stipulate that the successful bidding company must drill at least 15 wells over a maximum period of 42 months and pledge to invest 55 billion pesos during the same span of time.

The duration of the contract has been set at 20 years but can, by agreement of the parties, be extended another 5 years.

Work Involved

The YPF report notes that because this is a production zone, the contracting company will have to drill so-called "directed" [dirigido] wells or build fixed platforms since the working conditions are difficult due to the rough seas.

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SOLAR ENERGY PROGRAM SETS UP DEMONSTRATION COURSE

Buenos Aires LA OPINION in Spanish 22 Feb 81 p 7

[Text] A water pump that can put out 1,000 liters per hour, a television set, a small music box and a complete rural communications system comprise the range of solar-powered devices that will be exhibited from 5 to 15 March in the province of San Juan.

The exposition, which will present all sorts of devices for homes, for use on farms, such as the water pump, and even for small and medium industry (fluorescent lighting, power to run machines), will be held in the Parque Mayo Auditorium in the capital of San Juan.

It is part of an active program to bring solar power to our country, a program headed by the director general of Telecommunications of San Juan, Francisco Orlando Suvire, and comprising the provinces of San Luis, Mendoza and La Rioja, which along with San Juan make up the regional telecommunications board.

Under this program, which has been under way for 4 months in the form of a solar-powered communications system for border guards, a demonstration course has also been prepared for graduates and advanced students. It will be given from the 23rd of this month to 4 March at the National Institute of Seismic Forecasting in San Juan.

The course will be under the direction of Dr Moreno, an Argentine who received his degrees in atomic and nuclear physics in the United States and who is now involved in the latest research on solar power in that country.

"As of now," Suvire pointed out, "solar power is perfectly applicable in Argentina for rural telephone systems, relay communications in highland areas or isolated spots, for rural housing, sanitation stations, transporting foods, vaccines or medicines in portable refrigerators, agriculture or cattle-raising (water pumps), etc."

The San Juan Telecommunications director recently traveled to the United States, where he visited NASA, the Mont Laguna Air Force Base and the company Galileo Solar Systems and learned, along with his colleagues, about the current state of research in this area in that country. He also obtained the items for the exhibition as well as a large number of panels.

"The United States," he said, "still has very inexpensive energy, but they realize that it cannot last forever and they are therefore seeking alternative sources. At present, a watt harnessed from the sun by means of the panels costs $15, and they are trying to boost this yield so that by 1985 it costs just 70 cents."

When asked about the potential use of this resource in our cities, Suvire said that this would be a reality in the future but that "our concern right now is our borders," the region most in need of resources, communications in particular.

"Through a complete outfitting of rural houses," he noted, "with solar-powered devices, communications systems such as the one that the San Juan police are currently using, and lighting for sanitation stations, even at night and when it is raining (there are batteries that continue providing power when sunlight diminishes or is nonexistent), we will truly be able to march towards our borders."

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CSO: 3010

LATIN AMERICAN ECONOMIES THROUGH 1980 COMPARED

Mexico City EL DIA in Spanish 25, 26, 27 Feb 81

[Article by Enrique Iglesias, executive secretary of the Economic Commission for Latin America (ECLA): "The Latin American Economy in 1980," a preliminary ECLA assessment of the economic development of the region published in SOBRE LA ECONOMIA Y EL DESARROLLO DE AMERICA LATINA, No 333, January 1981]

[25 Feb 81, p 25]

[Text] Within the framework of a foreign context, which was again in 1980 characterized by the same downward trends in the rate of growth in the industrialized countries as had been observed in 1979, as well as the simultaneous resurgence there of unemployment, inflation and protective policies, as well as new challenges resulting from the considerable and successive increases in the international prices of oil, Latin America experienced a moderate decline in its rate of economic growth, high rates of inflation and major imbalances in its foreign accounts in the year which has just ended.

This is the conclusion reported by the executive secretary of the Economic Commission for Latin America, Enrique V. Iglesias, at his annual press conference held in Santiago, Chile on 22 December last, at which he gave a preliminary assessment of the economic development of the region in 1980.

The executive secretary also examined some of the main problems which Latin America will have to deal with in this decade in the realm of foreign financing, as well as the new modes of international and regional cooperation necessary to overcome them.

I. The International Context

A year ago, in speaking of the external framework which conditioned developments in Latin America, we said that 1979 had been a bad year for the world economy. We based this categorical judgment on the downward trend in the rate of economic growth in the industrialized countries, the simultaneous upsurge therein of unemployment, inflation and protective measures, with the resulting adverse effect on the potential of the third world countries to expand exports and on the cost of their imports, and on the new imbalances and challenges created by the substantial and successive increases in international oil prices.

Regrettably, that negative view can be reiterated, with even greater emphasis, when it comes to what has happened on the international economic scene in the year which is just ending. In fact, on the one hand, the decline in the rate of expansion of the industrialized economies became more acute in 1980, and the intensity of the inflationary process in the economies increased again. Thus it is estimated that the joint product of the countries in the Organization for Economic Cooperation and Development (OECD) increased only a little more than one percent in 1980, in other words, a rate equivalent to only a third of the already rather low rate reported in 1979, and that the product declined in absolute terms during the second half of 1980 in the United States and other OECD countries. Naturally, this reduction in the dynamism of the industrialized economies had a negative effect on the development of world trade, which showed practically no increase in real terms in 1980, the first such occurrence in the past 22 years.

Moreover, because of the increases in oil prices, this stagnation in the international trade volume was accompanied by a new and substantial redistribution of the surpluses and current account deficits between the OPEC countries, the industrialized economies and the countries in the process of development. For example, the surplus of the main oil exporting countries, after increasing by 3 billion dollars in 1978 to 68 billion in 1979, underwent another drastic increase in 1980, increasing it to a figure in the neighborhood of 115 billion dollars. Naturally, as a counterpart to this greater financial surplus for the oil countries the current account deficits of the industrialized economies also increased substantially--from 10 billion dollars in 1979 to 50 billion dollars in 1980, as did those of the developing countries which do not export oil--from 53 to 70 billion (see table 1).

Table 1

Current Account Balances in the Balance of Payments 1973-1980
(in billions of dollars)

	1973	1974	1975	1976	1977	1978	1979	1980[a]
Países industrializados (1)	19.3	-11.6	17.9	-0.5	-4.1	33.4	-9.0	-50
Principales países exportadores de petróleo (2)	6.6	67.8	35.0	40.0	31.9	5.0	68.4	115
Países en desarrollo no exportadores de petróleo (3)	-11.5	-36.9	-45.9	-32.9	-28.6	-35.8	-52.9	-70

Key:
1. Industrialized countries
2. Main oil exporting countries
3. Developing countries which are not oil exporters

Source. International Monetary Fund, ANNUAL REPORT 1980

a--preliminary estimate

In brief, during the year just ending, there was a tendency toward the recurrence of some of the main features which characterized the 1974-1975 crisis, which brought to an end a quarter of a century of rapid growth in trade and the world economy, which began early in the decade of the 50's.

What is more serious is that the prospects for the immediate future continue to be gloomy, particularly for the industrialized economies, and as we know, their development exerts a major influence on the possibility of expanding our exports and on the cost of our imports of manufactured goods. In fact, it is estimated that the economies of the OECD nations will recover from their current recessive situation very little in 1980, that inflation will diminish in these economies very slowly, and that the number of persons unemployed may increase there to about 25 million persons by the end of next year.

It is, then, within this adverse international economic context, burdened with uncertainties, that both the development of the Latin American economies in the year just ending, and also some of the challenges and main problems they will have to face in the decade about to begin must be considered.

II. Main Aspects of Latin American Economic Development in 1980

Below we will discuss four main aspects of the economic development in Latin America in 1980, to wit economic growth, inflation, the foreign sector and processes of integration and regional cooperation. It should however be stressed that the estimates we will provide on the development of the region in 1980 are based on the preliminary and partial figures which are available at this point in the year, and that therefore they are subject to revision by a substantial margin.

1. Economic Growth

In 1980, the growth rate in the Latin American economy declined. According to the preliminary ECLA estimates, the gross national product for the region, after increasing by 6.3 percent in 1979, showed an increase of about 5.3 percent in 1980. However, this rate, although substantially below the very high rates averaged during the first 5 years of the last decade (7.2 percent), exceeded the figures recorded for each of the years during the period between 1975 and 1978 (see table 2).

Table 2

Latin America--Development of the Gross National Product
(annual rates of increase)

	1970-74	1975	1976	1977	1978	1979	1980[a]
Argentina	5.2	-0.8	-1.7	4.9	-3.4	8.5	0.0
Bolivia	5.8	5.1	6.8	3.4	2.8	1.4	1.0
Brasil (1)	11.8	5.7	9.0	4.7	6.0	6.4	7.5
Colombia	6.9	4.3	4.2	4.8	6.8	5.1	4.0
Costa Rica	7.1	2.1	5.6	8.9	5.7	4.3	2.5
Chile	2.6	-11.3	4.1	8.6	7.8	8.5	5.5
Ecuador	8.6	6.8	8.3	7.5	5.4	5.4	4.5
El Salvador	4.9	5.6	4.0	5.9	4.4	-3.1	-4.0
Guatemala	6.4	1.9	7.4	7.8	5.5	5.0	3.0
Haití	4.7	2.2	5.3	1.3	3.9	1.9	3.5
Honduras	3.8	2.0	7.0	5.8	7.9	8.8	1.0
México	6.2	4.1	2.1	3.3	7.3	8.0	7.5
Nicaragua	5.3	2.2	5.0	6.3	-7.2	-24.8	14.0
Panamá	5.2	0.8	-1.1	0.2	3.7	5.0	5.0
Paraguay	8.4	6.0	7.5	11.8	10.3	9.0	9.5
Perú	6.3	3.3	3.0	-1.2	-1.8	3.8	3.5
República Dominicana (2)	10.1	5.2	6.7	5.5	2.3	3.6	3.0
Uruguay	0.8	4.5	2.8	3.4	3.9	8.4	5.0
Venezuela	5.2	5.9	8.4	6.8	3.2	0.7	1.0
América Latina (19 países) (3)	7.2	3.9	4.6	4.5	4.6	6.3	5.3

Key:
1. Brasil
2. Dominican Republic
3. Latin America (19 countries)

Source: ECLA, based on government figures.

a--preliminary estimate, subject to revision.

Although the reduced overall economic dynamism of the region had its origins in the slower expansion of economic activity in 1970 in 13 of the 19 countries for which comparable data are available, it particularly reflects the decline in the rate of economic growth in Argentina, in view of its heavy weight in the overall Latin American product. In fact, the economic activity of that country, after increasing at a very high rate (8.5 percent) in 1979, remained at an almost stable level in 1980.

The rate of economic growth in the Central American countries also declined in 1980, with the single exception of Nicaragua, where global production increased by about 14 percent, thus showing a partial recovery from the acute decline experienced the preceding year as a result of the civil war. In El Salvador, on the contrary, the continuation and worsening of internal conflicts contributed to a decrease in the product in absolute terms for the second consecutive year, although less sharply than in 1979. The overall expansion in the economies both of Costa Rica and Guatemala, in turn, barely sufficed to keep the national product per capita stable, while the rate declined in Honduras after four years of rapid and continuing increase.

Economic growth was also very slow (about one percent) in Venezuela and Bolivia, if indeed real income increased at a more rapid rate in both countries due to an improvement in the trade price ratio. Its development also benefited Ecuador, where the product increased at about 4.5 percent, a rate much lower than that recorded for any of the five preceding years. The rate of economic growth also declined at about 4 percent in Colombia, but remained at about 3.5 percent in Peru.

On the other hand, the rate of growth in the economy of Paraguay--the Latin American country in which economic activity expanded most intensively and continuously during the second half of the decade of the 70's--was 9.5 percent in 1980. The same was the case in Brazil, with an increase of the gross product of about 7.5 percent, thanks mainly to the notable recovery in the foreign sector and the rapid increase in manufacturing production.

As was the case in the two preceding years, economic growth was also considerable (7.5 percent) in Mexico, a country in which economic activity continued to be stimulated by considerable increases in production, exports and international oil prices. In Chile and Uruguay, on the other hand, where very high rates of growth of about 8.5 percent were seen in 1979, economic expansion was considerably slower, with increases of 5.5 percent and 5 percent, respectively, being recorded.

Finally, Panama achieved a growth rate of 5 percent for the second consecutive year, thus consolidating recovery from the stagnation which characterized its economy in the 5-year period between 1974 and 1978, while, according to very early estimates, the increase in the domestic product ran to about 3.5 percent in Haiti and approximately 3 percent in the Dominican Republic.

2. Inflation

During 1980, inflation rates were again very high in Latin America. For the region as a whole, consumer prices were up an average of almost 64%, a figure almost equal to that for 1979 and considerably greater than the approximately 40% recorded for the two preceding years. On the other hand, as in 1979, the inflationary process was rather generalized, to the point that only 2 of the 23 countries studied succeeded in keeping the rates of increase in their price levels below 2 digits (see table 3).

Table 3

Latin America--Annual Variations in Consumer Prices

	1979[a]	1980[b]	
Argentina	139.7	88.0	(2) noviembre
Barbados	18.8	22.0	junio (3)
Bolivia	45.5	50.0	octubre (4)
Brasil (1)	76.0	87.0	(5) noviembre
Colombia	28.8	27.0	octubre
Costa Rica	13.2	18.2	octubre
Chile	38.9	31.6	noviembre
Ecuador	8.0	15.1	octubre
El Salvador	14.8	17.2	octubre
Guatemala	13.7	8.6	(6) septiembre (7)
Guyana	18.4	15.7	mayo
Haití	15.4	6.3	(8) septiembre
Honduras	18.8	20.7	julio
Jamaica	19.8	28.4	mayo
México	20.0	28.2	octubre
Nicaragua	70.3	35.0[c]	octubre
Panamá	10.0	13.8	septiembre
Paraguay	28.7	18.6	octubre
Perú	66.7	60.1	octubre
República Dominicana (10)	28.2	16.7	agosto (9)
Trinidad y Tobago (11)	19.6	18.6	septiembre
Uruguay	83.1	49.3	noviembre
Venezuela	20.7	22.2	septiembre
Promedio América Latina (12)	62.8	52.8	

Key:

1. Brazil
2. November
3. June
4. October
5. November
6. September
7. May
8. July
9. August
10. Dominican Republic
11. Trinidad and Tobago
12. Average for Latin America

Source: ECLA, based on government statistics

a--variations from December to December.
b--12 months variations, up to the month indicated in each case.
c--estimate.

Indeed, the intensity of and trend in inflation varied widely in the various countries in the region. For example, price increases came to about 90 percent both in Argentina and in Brazil, and varied between 50 and 60 percent in Bolivia, Peru and Uruguay. However, while the figure indicated for Argentina represented a substantial reduction in comparison to 1979, and in fact meant that this country had an inflation rate of less than 3 digits for the first time since 1974, the very similar rate seen in Brazil meant a new acceleration of the inflationary process, such that the intensity of the process was double the average rate for the period between 1975 and 1978 in 1980. Similarly, the relatively comparable inflation rates seen in Bolivia, Peru and Uruguay represented a slight aggravation of the inflationary process in the first of these countries, a slight alleviation of it in the second, and a major advance in the struggle against inflation in the third.

The implications of the relatively similar rates of inflation--between 27 and 32 percent--seen in 1980 in Colombia, Mexico and Chile are different if they are compared with the figures for 1979, and above all, if they are examined in a longer time context. In fact, if indeed the highest inflation figure for the three countries considered was that in Chile, this meant a not insubstantial reduction in comparison to the 39 percent recorded in 1979. The 27 percent inflation from which Colombia suffered, on the contrary, meant only a slight advance over the almost 30 percent recorded in 1979, and in fact showed that the rate of inflation in Colombia once again showed the considerable stability evidenced since 1976. Finally, the increase of 28 percent in consumer prices in Mexico in 1980 represented a substantial increase in the rate of inflation, both in comparison to 1979 and, above all, in relation to the much more moderate inflation Mexico had until 1972.

The most notable contrast with the historic trend was in Venezuela. In fact, although the inflation rate of 22 percent seen in 1980 meant only a very slight increase over that for 1979, it was almost triple the average rate of increase in prices for the period between 1975 and 1978.

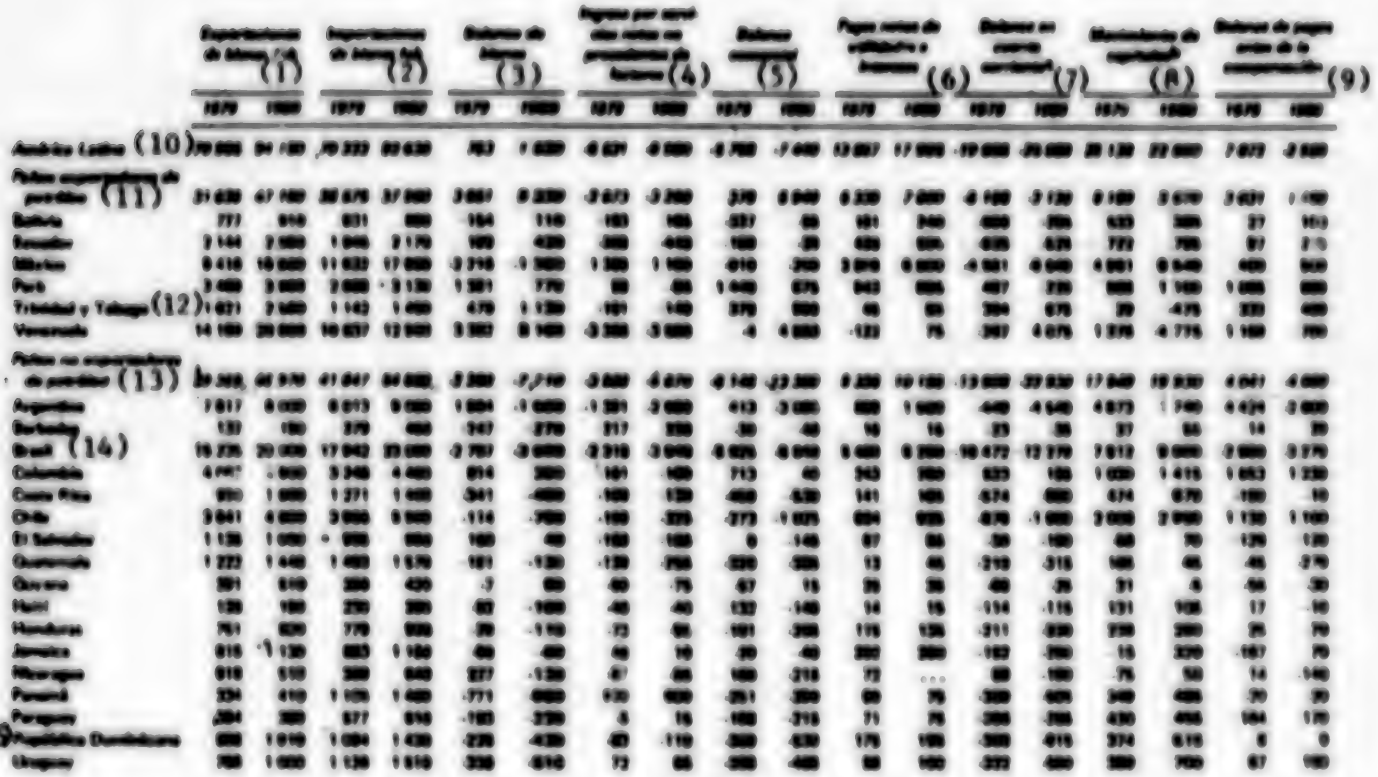
In the other economies of the region, in the majority of which inflation was traditionally very low until the beginning of the last decade, but which experienced sharp increases both in the 1973-1974 two-year period and in 1979, as a result of the acceleration of imported inflation, the rates of increase in consumer prices varied between 15 and 20 percent in 1980. The only exceptions were Nicaragua--where it is estimated that inflation decreased to about 30 percent, after having risen to a rate of 70 percent last year--and the cases of Guatemala and Haiti, already mentioned, where it proved possible to keep the rate of price increases below 10 percent.

3. The Foreign Sector

The international economic recession and the increases in the prices of hydrocarbons contributed to development in the foreign sector for Latin America which was clearly less favorable in 1980 than in the preceding years. In fact, the current account deficit for the region as a whole increased by more than 30 percent, reaching a total of 25 billion dollars, while net capital income declined from something over 26 billion dollars in 1979 to 22 billion 500 million in 1980, thus interrupting the marked and continuing upward trend seen since the beginning of the preceding decade. Thus the balance of payments, characterized by positive balances throughout the last decade, with the sole exception of 1974, and which revealed a surplus of almost 7 billion dollars in 1979, suffered a drastic reversal, such that the year ended with an average balance of 2 billion 550 million dollars (see table 4).

Table 4

Latin America--Balance of Payments, Total and by Countries
(in millions of dollars)



Key:

1. Goods exports FOB
2. Goods imports FOB
3. Goods balance
4. Income from net services other than from agents
5. Trade balance
6. Net profit and interest payments
7. Current account balance
8. Capital transfers
9. Balance of payments before compensation
10. Latin America
11. Countries exporting oil
12. Trinidad and Tobago
13. Countries not exporting oil
14. Brazil
15. Dominican Republic

Source: 1.79--International Monetary Fund, with the exception of El Salvador, Guyana and Uruguay.
1980--ECLA, preliminary estimates subject to revision.

a--including net private donations
b--including net errors and omissions

However, these overall trends encompass differences between the six oil exporting countries--Venezuela, Mexico, Ecuador, Trinidad-Tobago, Peru and Bolivia--and the other economies in the region which were much more disparate than in preceding years. Thus while the former increased their trade balance surpluses substantially, reducing their current account deficits from 5 billion 100 million dollars in 1979 to 2 billion 100 million in 1980, achieving a surplus in their payments balances, the latter saw their trade deficits doubled, while at the same time the negative balance in their current accounts increased between 1979 and 1980 from 13 billion 900 million dollars to almost 23 billion, and the balance of payments surplus totaling 4 billion dollars achieved in 1979 became a deficit of 4 billion in 1980.

Although this latter result reflected the adverse changes experienced by the vast majority of the nonoil exporting countries in their payments balances, it was the result in large part of the profound reversal which occurred in Argentina's foreign sector and the intensification of the imbalance already seen in 1979 in that of Brazil.

In Argentina, the current account deficit increased from 450 million dollars in 1979 to 4 billion 500 million dollars in 1980. This development, mainly the result of the expansion of goods imports (50 percent) and the virtual leveling off of exports, was accompanied by a drop in the net total of capital entering the country. As a result of these changes, the balance of payments, which revealed a positive balance of 4 billion 400 million dollars in 1977, is estimated to have resulted in a deficit of about 2 billion 800 million in 1980.

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[Text] The negative current accounts balance in Brazil, in turn, increased for the third consecutive year, if indeed it was at a somewhat slower rate than in 1978, and above all 1979. Despite the change, which can be attributed both to the rapid increase in the value of exports of goods and to the limitation on the value of various oil imports, the absolute value for the current account deficit increased between 1979 and 1980 from 10 billion 500 to 12 billion 300 million dollars. As was the case during the preceding year, this deficit could not be covered by net capital increase, and as a result, it was necessary for the second consecutive year to have recourse to foreign reserves, which were reduced by almost 3 billion 300 million dollars, thus totaling almost 6 billion less at the end of 1980 than at the end of 1978.

The current account deficits of the countries not exporting oil were also increased in 1980 by about a billion dollars, believed to reflect the adverse current account balance in Chile and the reversal in the results of Colombia's current transactions, which instead of producing a surplus of more than 500 million dollars as they did in 1979, resulted in a deficit of almost 190 million in 1980. However, the net capital income in these two countries exceeded the amount of the deficit by a substantial margin, and as a result, these were the only economies of nonoil exporting countries which recorded substantial balance of payments surpluses (again see table 4). The marked imbalance in the trends of the foreign sectors of the oil exporting countries and the other economies in the region was also reflected in the disparate development of the values of their exports and imports, as well as in the very different way the changes in volume and unit prices contributed to the variations in the former and the latter.

Thus while the value of goods exports from the oil countries increased for the second consecutive year at a very high rate of around 49 percent, the value of the exports of the other 17 countries increased by 19 percent. Considerable difference was due moreover entirely to the different trend in the unit values for exports, which increased 47 percent for the former nations and 14 percent for the latter. In this way the oil countries, with the single exception of Mexico, which increased the volume of their exports substantially, received considerably increased income for their exports despite the fact that the volume thereof was reduced substantially at the same time, as was the case with Bolivia, Ecuador, Peru and Venezuela, or remained almost stable, as happened in Trinidad-Tobago (see table 5).

Table 5

Latin America--Exports of Goods

	(1) Value (millions of dollars)			(2) 1980 indices (1979 = 100)		
	1979	1980				
	Current values (3)	Current values (4)	Constant values at 1979 prices (5)	Value (6)	Unit value (7)	Volume (8)
Latin America (9)	70 985	84 150	73 640	137	127	104
Countries exporting oil (10)	31 628	47 180	32 470	149	144	103
Bolivia	777	910	680	117	133	88
Ecuador	2 144	2 580	1 930	121	134	90
Mexico	9 418	16 800	12 000	178	138	127
Peru	3 469	3 900	3 330	112	117	96
Trinidad y Tabago (11)	621	2 580	1 630	158	158	101
Venezuela	14 199	20 800	12 900	146	160	91
Countries not exporting oil (12)	39 389	46 970	41 170	119	114	105
Argentina	7 817	8 000	6 700	102	120	85
Barbados	132	180	140	136	121	108
Brazil (13)	15 226	20 000	17 700	131	113	116
Colombia	4 0[illegible]	5 600	4 500	113	102	111
Costa Rica	900	1 000	910	108	110	98
Chile	3 941	4 800	4 700	125	115	109
El Salvador	1 135	1 000	980	88	104	85
Guatemala	1 222	1 440	1 270	118	113	104
Guyana	291	510	320	175	160	110
Haiti	138	180	160	130	112	116
Honduras	751	820	780	109	108	101
Jamaica	815	1 130	840	139	134	103
Nicaragua	618	510	440	83	115	71
Panama	334	410	340	123	119	102
Paraguay (14)	384	380	380	99	101	99
Republica Dominicana	868	1 010	720	116	140	83
Uruguay	788	1 000	830	127	121	105

Key:

1. Value in millions of dollars
2. 1980 indices
3. Current values
4. Current values
5. Constant values at 1979 prices
6. Value
7. Unit value
8. Volume
9. Latin America
10. Countries exporting oil
11. Trinidad and Tobago
12. Countries not exporting oil
13. Brazil
14. Dominican Republic

Source: 1979--International Monetary Fund, except for El Salvador, Guyana and Uruguay.
1980--ECLA, preliminary estimates subject to revision.

On the other hand, the much smaller increase in the value of foreign sales for the countries which do not export oil, if indeed it can be mainly attributed to the increase in their unit value, resulting from the substantial increase in international sugar prices and the much smaller but also important increases in the prices of bauxite, corn, fish meal, iron, bananas and cotton, was strengthened in the vast majority of cases by the expansion of the export volume. For the countries not exporting oil as a whole, this increase was five percent. However, this rate was equivalent to only half of the very high rate seen on an average during the four preceding years. Despite this slowdown, resulting in part from the international recession, the role played by these countries in the overall volume of world trade continued to increase, in view of the stabilization of that volume in 1980.

In contrast to the unequal development of the value of exports for the oil exporting countries and the nonoil exporting countries, the increase in their imports proceeded at similar and very high rates, 33 and 31 percent respectively. However, once again the causes of these changes were very different. In fact, while the increase in the oil exporting countries was mainly due to the expansion of the volume of imports, which went up about 20 percent, the greater value of imports in the other countries in the region as a whole mainly reflected the substantial increase in the average price of these imports (14 percent) and to a much lesser extent the increase in their volume (5 percent) (see table 6).

Table 6

Latin America--Imports of Goods

	Value (millions of dollars) (1)			Indices 1980 (1970 = 100) (2)		
	1979	1980				
	(3) Current values	(4) Current values	(5) Constant values at 1979 prices	(6) Value	(7) Unit value	(8) Volume
Latin America (9)	70 222	82 630	78 030	131	118	111
Oil exporting countries (10)	28 570	37 980	33 870	133	112	119
Bolivia	931	800	720	86	111	77
Ecuador	1 945	2 170	1 880	112	111	101
Mexico	11 632	17 000	15 000	154	113	136
Peru	2 088	3 130	2 800	150	112	134
Trinidad y Tobago (11)	1 142	1 480	1 300	127	111	114
Venezuela	10 837	12 000	11 300	115	111	104
Countries not exporting oil (12)	41 647	54 680	44 080	131	124	106
Argentina	8 013	9 000	7 800	150	118	127
Barbados	379	480	400	119	113	105
Brazil (13)	17 042	23 050	17 400	129	132	97
Colombia	3 248	4 400	3 880	136	113	119
Costa Rica	1 271	1 400	1 180	110	118	93
Chile	3 955	5 500	4 600	139	120	116
El Salvador	955	980	810	101	118	85
Guatemala	1 403	1 570	1 380	112	116	97
Guyana	288	420	330	145	126	115
Haiti	230	280	230	122	123	99
Honduras	779	930	780	119	118	101
Jamaica	883	1 180	940	134	126	106
Nicaragua	389	640	530	165	120	137
Panama	1 108	1 400	1 130	127	124	102
Paraguay (14)	577	610	530	106	116	91
Republica Dominicana	1 094	1 430	1 180	131	123	107
Uruguay	1 128	1 510	1 180	134	128	105

Key:

1. Value FOB in millions of dollars
2. 1980 indices
3. Current values
4. Current values
5. Constant values at 1979 prices
6. Value
7. Unit value
8. Volume
9. Latin America
10. Oil exporting countries
11. Trinidad and Tobago
12. Countries not exporting oil
13. Brazil
14. Dominican Republic

Source: 1979--International Monetary Fund, except for El Salvador, Guyana and Uruguay.
198)--ECLA, preliminary estimates subject to revision.

Under these circumstances, the trade price coefficient continued to develop very differently for the two groups of countries. In the economies of oil exporting countries there was an increase of more than 30 percent, while in the other countries of the region as a whole there was a decline of 8 percent (see table 7). This decline was general, moreover, since the only exceptions were Barbados, Guyana, Jamaica and the Dominican Republic, which benefited from the particularly large increases seen in 1980 in the prices of sugar and bauxite. In the other countries in this group, on the other hand, the increases in the prices of their

export products, if they were indeed rather frequent and of a certain magnitude, did not suffice to offset the effects of the greater cost of their imports of manufactured goods, and above all, the increases in fuel prices. All in all, for Latin America as a whole, the trade price coefficient showed a noticeable improvement of about 8 percent, bringing the level to its highest point in the last quarter of a century, with the single exception of the level reached in 1974.

Table 7

Latin America--Trade Prices and Purchasing Power of Exports
(1979=100)

	(1)	(2)
América Latina (3)	108	112
Países exportadores de petróleo (4)	128	133
Bolivia	120	101
Ecuador	121	109
México	122	188
Perú	104	100
Trinidad y Tabago (5)	142	143
Venezuela	144	131
Países no exportadores de petróleo (6)	92	98
Argentina	102	96
Barbados	118	120
Brasil (7)	88	99
Colombia	80	99
Costa Rica	93	92
Chile	98	104
El Salvador	88	75
Guatemala	97	102
Guyana	127	138
Haití	91	108
Honduras	92	92
Jamaica	108	110
Nicaragua	88	89
Panamá	96	99
Paraguay	87	84
República Dominicana (8)	114	94
Uruguay	84	89

Key:

1. Trade price coefficient for 1980
2. Purchasing power of exports
3. Latin America
4. Countries exporting oil
5. Trinidad and Tobago
6. Countries not exporting oil
7. Brazil
8. Dominican Republic

Source: ECLA, preliminary estimates subject to revision.

4. Integration and Regional Cooperation

In the 20 years which have elapsed since the first integration movements were launched in Latin America, interregional trade has increased from 8 percent to 17 percent of the total foreign trade of the countries in the region. During this period, exports to the region increased at a rate almost 50 percent higher than did exports to other regions, reaching a total of about 9 billion dollars. What is most interesting is that where the LAFTA is concerned, manufactured goods reached a level of 60 percent of the total intraregional exports, while only 22 percent of the exports to the rest of the world were manufactured goods.

At the same time, the interrelation of the Latin American economies has continued to develop through specific agreements and projects of a bilateral or multilateral nature in the realm of trade, physical infrastructure, the productive sectors, complementary technological arrangements and financial cooperation, with a clear trend toward greater pluralism and increasing flexibility of the respective processes.

In this connection, the recent establishment of the LAIA [Latin American Integration Association] to replace the LAFTA represents a new recognition of the need to make the mechanisms of integration flexible. Although the LAIA has set no time limits or rigid requirements for the achievement of its goals, and it is more nearly a framework within which cooperative and complementary economic actions can be undertaken through the reaching of agreements among the countries involved, it represents a realistic solution which will allow the countries which so desire to undertake a broader variety of activities in the realm of regional economic cooperation.

The year 1980 provided us, moreover, with a concrete example of the potential contained within regional cooperation for the solution of some of our most burning problems. I am referring to the agreement reached between the governments of Mexico and Venezuela on guaranteeing a supply of oil to the Central American and Caribbean nations, and contributing to the financing of the respective payments by means of the granting under special conditions and financing of development projects in those countries.

III. The New Dimensions of the International Financial Challenge

1. Ambivalent Aspects of Regional Economic Growth

Any attempt to evaluate the economic development of Latin America on the basis of the development of a limited number of indices during a limited period can easily lead to errors of judgment. In fact, on the one hand, the regional averages basically reflect, as is obvious, the changes which have occurred in the larger countries, and they do not therefore reveal to an adequate extent what may have happened simultaneously in those countries which are smaller and of less relative importance. Moreover, as has already been mentioned, the new characteristics of the international economic picture, and in particular those related more directly to the increase in the prices of hydrocarbons, have affected the various economies in the region in very different ways, and their capacity to adjust to the effects of these changes has also varied greatly. On the other hand, a proper evaluation would have to make use of a broader time span, not merely the situational changes which may occur within one year. Finally, in addition to the economic factors, it would be necessary to take into account those of a social nature, concerning which, unfortunately, statistical information is inadequate and generally can only be obtained with a considerable delay.

However, and if for the reasons mentioned we must limit ourselves to the economic sector, it can be said that, in view of the decline, variations and uncertainties which represented the characteristic features of the international economy in 1980, Latin America once again showed a significant capacity for defending itself. The fact that the rate of economic growth in the region, although unsatisfactory in terms of social and labor needs, vastly exceeded the rates in the industrialized countries, and the fact that the Latin American countries which do not export oil succeeded in increasing the volume of their exports again, despite the almost complete leveling off of world trade in real terms in 1980, perhaps provide the evidence best revealing the greater resistance and flexibility which the Latin American economy has currently.

However, it is essential to recognize that the maintenance of these rates of overall growth in recent years in the region has had as a basic conditioning factor a continuing and increasing level of foreign indebtedness.

This then gives rise to the need to analyze, if only briefly, the main features characterizing the foreign financing mechanisms to which Latin America has access currently, and makes it desirable to provide some brief comments on the reforms which, in our judgment, should be introduced therein in order to facilitate the solution of a significant problem faced by not a few of the Latin American countries, to wit, the problem of obtaining foreign resources which will: 1. make it possible to finance, in adequate fashion, the large deficits caused in the balance of payments current accounts by the impact of foreign events, making it possible to affect the adjustments overall which these events have made inevitable; and 2. will be adequate in volume, time allocated and cost to complete the financing of the sizable investments the region must make in the course of this decade, particularly in the field of energy, in order to adapt the structure and functioning of its economies to the new realities on the international economic scene.

Naturally, stressing the importance of adequate foreign financing should not lead to an exaggeration of its relative importance in the promotion of economic development in Latin America in the decade just beginning. Nor should it lead to neglect of the fact that the most significant factors in ensuring a dynamic trend in the foreign sector continue to be the generation of an increasing and ever more diversified flow of products for export and free access to international markets. Thus, then, if in the comments which follow we focus on the subject of foreign financing, it is not because we underestimate other factors of equal or greater importance in the achievement of satisfactory economic development in Latin America, but rather because of obvious time limitations and the urgent need to create new methods of financing making it possible to recycle the great financial excesses in the surplus countries such as to facilitate both the gradual and satisfactory adjustment of the world economy, and in particular, the advance of the developing countries.

2. The Limitations of the Present Forms of International Financing

As has already been noted, the maintenance of relatively high rates of economic growth in some Latin American economies in the last decade had as one of its basic conditions a continued and increasing foreign indebtedness. Thus it is estimated that the global debt of the Latin American countries which do not export oil had increased to about 143 billion dollars in 1979. This figure is equal to more than two-thirds of the value of the region's exports in that same year, compared to a coefficient of only 1.5 in 1974, when the first and largest increase in oil prices occurred. As to

the structure of the debt, loans obtained from private sources, which accounted for a third of the total foreign financing of the region in 1966-1970, accounted for more than 75 percent of that volume in 1979, with a total running to about 20 billion dollars. Thus the trend toward a decline in the relative importance of government sources of financing--both bilateral and multilateral--and toward an increasing role for private sources continued.

Under these circumstances, the increase in the balance of payments current account deficits for the majority of the Latin American countries and the increase and change in the structure of their foreign debts has faced these nations with a new situation. In fact, the main problem of the region in this field in the past was the shortage of foreign financing and the restrictions which this situation placed on their potential for economic growth. Currently, that situation has changed drastically. On the one hand, the Latin American nations have been gradually excluded from government aid for development. On the other, some Latin American countries have gained broad access to foreign credit, and in particular to that from private sources. This offers them new opportunities but it also creates new obstacles.

Among the former are the availability of new alternative credit sources, with the possibility of reducing the conditions dictated by lenders for the domestic economic policies of the borrower nations.

Among the limitations imposed by the new situation, it should be noted first that credit is not always suitable either in terms of time or interest rates to the maturity period or the financial requirement of the investment which must be carried out in the developing countries, many of which take relatively long periods to mature. This is the case, for example, with investments in the energy sector, which as we have already said, must be expanded substantially in the course of the current decade.

Secondly, the predominance of private sources of credit imposes a limitation in the propensity toward the use of private profitability criteria rather than social ones when it comes to the utilization of the funds. The two criteria can differ considerably, above all in countries which are seeking to pursue new development strategies oriented toward the social sectors excluded from the benefits of traditional economic growth.

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[Text] Thirdly, the level and form being taken on by the international financing system poses the risk of postponing the basic adjustments which are needed between the deficit countries and the surplus countries. The postponement of this adjustment entails the danger that it will become inevitable at a less desirable moment, such as for example, on the occasion of an exceptional decline in the terms of trade or a major world recession.

On the other hand, the excessive splintering of the system makes it possible both that the burden of adjustment will be unequally distributed among the countries, and that this will result in a reduction in the potential for growth in the world economy as a whole. If for various reasons certain industrialized countries with major deficits in their foreign accounts find themselves forced to apply restrictive measures, simultaneously but independently, to reduce their deficits, the adjustment would be achieved at the cost of a reduction in the levels of economic activity and employment not only in those countries but in the rest of the world economy.

In practice, then, one of the main dangers resulting from the current situation in the field of international financing would be an intensification in the industrialized countries of the tendency to increase protective measures, which would make the sale of exports by the developing countries more difficult. Alternatively, it might be that many of the developing countries will get into "spiraling debt," in which an ever larger part of their credit must be allocated to pay off the debt.

What is needed, then, is to create levels of international agreement to carry out an orderly restructuring of the debt between the deficit countries and the surplus countries, before this adjustment is forced by some crisis situation making it impossible to make the most rational choices.

3. The Need for New Methods of International Financing

The above makes it obvious that it is urgently necessary to find new forms of international financing which do not involve the dangers described above.

Following the first abrupt increases in oil prices, the international banking system promoted the process of recycling the financial surpluses from the oil countries to the deficit countries with relative efficiency. However, in view of the increase seen in the imbalance in the foreign accounts of the developing countries and the continuing and rapid increase in their foreign debt, it is legitimate to question the likelihood that the institutions making up this system will continue to play the same role as they have thus far.

Despite the observations already noted, this prospect does not appear excessively dark. The capital coefficients of the private international banks do not seem to constitute as yet, on the general average, a serious limitation to their loan operations, and the distribution of these operations between the industrialized economies and the countries in the process of development will continue to depend on the relative profitability of the loans in the one category of nations and the other. Moreover, the size of the loans allocated to the developing countries which do not export oil, in proportion to the gross assets of the banks abroad, has remained at a figure of about 17 percent for the whole of the last decade. The pending bank debt of this group of countries in 1979 (some 190 billion dollars) came to only 4 or 5 percent of the total bank assets. These countries are devoting ever greater attention to the increase in the advantages and risks of their credit operations in the developing countries, and the national financial authorities are engaged in a constant dialogue on these subjects within the framework of the International Payments Bank.

However, the current system is not free of problems. On the one hand, some banks might be reaching certain technical limits in their relations with certain countries. On the other hand, the credit total might exceed the debt service capacity of certain developing countries. Also, doubts which merit consideration are often expressed with regard to the more or less efficient use and the final destiny of credit, and its possible contribution to the development of excessive consumption.

What would be needed to deal with these problems would be both a coordinated complex of macroeconomic policies domestically and financing facilities abroad, consistent with the magnitude and scope of the problem which the developing countries must face. In this connection, it should be noted that the reduction of commercial

financing is not the best path to the resolution of the problems mentioned above, either from the point of view of the borrower countries, whose development programs might be seriously affected by such measures, or from the point of view of the industrialized economies, since the dynamism of the markets in the developing countries would be reversed. This is the reason for the urgent need to search for a more stable framework for these transactions, and above all, to strengthen the role of the international public financial institutions, in particular the International Monetary Fund, the World Bank and the regional banks.

What is wanted is to assign these institutions a more active role in recycling funds, carrying out the function which has been performed by the commercial banks. In fact, the magnitude of the financial requirements of the deficit nations means that, in order to undertake effective adjustment policies, the international financial bodies will have to be in a position to contribute a volume of resources substantially greater than they have channeled to them in the past. They will also have to adapt the time periods for their financing to the extension of the adjustment periods the deficit countries need. These processes of adjustment, moreover, cannot have an exclusively monetary base, but will have to be designed to increase the resources available and to expand the productive base of the deficit nations, and they should be a part of a longer term strategy designed to encourage domestic saving, investment and growth.

Naturally, if these bodies are to increase their resources substantially, they will not only have to obtain a larger volume of loans from the governments of the surplus countries or on the international financial markets, but they will also have to design new institutional mechanisms to facilitate their participation in the recycling process.

IV. Conclusions

This discussion has been divided into two main parts. In the first, we have provided some preliminary estimates, based on the limited information available at this point in the year, on some of the main trends in the Latin American economy in 1980. In the second, we have set forth some comments on a problem--that of the new dimensions of the international financial challenge--which in our judgment will be of special significance to the economic development of Latin America in this decade.

In connection with the first portion, our tentative estimates indicate that during 1980:

1. There was a decline in the rate of economic growth in Latin America, which dropped from 6.3 percent in 1979 to 5.3 percent in 1980.

2. The average rate of economic growth in the region was surpassed by 5 countries--Brazil, Chile, Mexico, Nicaragua and Paraguay--which taken together, include 60 percent of the Latin American population. On the other hand, in Argentina, Bolivia, Honduras and Venezuela, the rate of expansion in overall economic activity was apparently slower than the population increase, such that the product per capita declined in those countries. El Salvador was the only country in which the gross national product declined in absolute terms.

3. Inflation in Latin America averaged about 54 percent, so that the very high rate reported in 1979 was maintained. The average increase in consumer prices in the region was heavily influenced by the rates of inflation of about 90 percent reported in Argentina and Brazil, and by the lower but nonetheless considerable increases (between 50 and 60 percent) found in Bolivia, Peru and Uruguay. Of the other countries in the region, only two--Guatemala and Haiti--had rates of inflation running below 10 percent in 1980.

4. In the foreign sector, the development was less favorable than in preceding years. The current account deficit for the region as a whole was up by more than 30%, reaching the unprecedented total of 25 billion dollars. Since at the same time net capital income dropped some 16 billion dollars in 1979 to 22 billion 500 million in 1980 [as published], the balance of payments suffered a substantial reverse, going from a surplus of 7 billion 100 million dollars in 1979 to a deficit of 2 billion 550 million in 1980.

5. These overall changes were the result of the very disparate trends observed in the foreign sectors of the six oil exporting countries--Venezuela, Mexico, Ecuador, Trinidad and Tobago, Peru and Bolivia--and in the other economies of the region. In fact, as a result of the substantial new increases in oil prices, the development of foreign trade and the balance of payments in the former group of countries was in general much more vulnerable than in the latter. Thus while the oil exporting countries reduced their current account deficits, developed a balance of payments surplus and improved their foreign trade price coefficient by almost 30 percent, the negative balance in the current accounts in the economies of the nonoil exporting countries increased from 13 billion 900 million dollars in 1979 to 23 billion in 1980, the balance of payments surplus of 4 billion achieved in 1979 was converted into a 4 billion-dollar deficit in 1980, and the trade price coefficient dropped 8 percent.

From what was set forth in the second part of our explanation concerning international financial problems, the following, in brief, can be concluded:

1. Like other regions in the world, Latin America has had in recent years to deal with the impact of the effects of the international oil price increases, the increase in foreign inflation, and the declining rate of expansion in the world economy and trade. As is natural, the changes have exerted their influence on the process of development in very different ways in the various Latin American countries.

2. In general terms, the region has responded vigorously and flexibly to the challenges created by the international crisis, and has shown that it has a much greater defense capacity than in the past. The sustained expansion of the volume of exports and their diversification within the framework of a world economy characterized by very limited expansion and by the resurgence of protective policies in the industrialized nations and the achievement of rates of economic growth superior to those in these countries are two significant elements in this new and greater capacity for defense.

3. In the majority of the countries in the region, the absorption of the effects of the international crisis and, in particular, of the rise in energy prices, has required adjustments which have combined, in greater or lesser measure, reductions in the rate of growth, increases in the rate of inflation, and increases both in the current account deficits in the balance of payments and in foreign indebtedness.

4 This process of adjustment has been facilitated by the recycling of the financial surpluses accumulated by the main oil exporting countries. To date, the greater part of this recycling has been carried out by the private commercial banks, although the role played by the public financial institutions should not be ignored.

5. The region as a whole will in the decade of the 80's require substantial new transfers of resources in order, on the one hand, to be able to spread out in time the process of adjustment required by the trends in the world economy and the increase in international fuel prices, and on the other, to finance the huge investments necessary to promote economic and social development, and in particular, the expansion of the energy sector. These adjustment and investments are of such magnitude that they make it necessary to rely on new forms of international cooperation to be able to carry them out gradually and thus to avoid the high economic, social and political costs which would have to be paid otherwise.

6. A policy of international cooperation to absorb the impact of the international situation gradually, and to facilitate the energy transition of the region at the same time, would not only benefit Latin America but would allow it to continue to play a dynamic and active role in the world economic advance. In this connection it must be remembered that the purchasing power of the region currently represents a factor which can exert a significant influence on the international cycle, and its continued expansion would contribute to offsetting the recessive trends in the world economy and trade.

7. In order to carry this cooperation forward, Latin America should continue to rely both on the participation of public institutions and private ones for financing. The decade just beginning will, however, require further efforts to deal with both imagination and realism with the problem posed by the large balance of payment financing requirements. Essentially, these efforts will require: a. a substantial increase in the transfer of resources through public institutions. They must recognize the particular dimensions and nature of the payment problems in the decade just beginning, adapting their policies to the new circumstances which in many cases cannot be dealt with in the traditional and in some cases outdated forms characterizing the relations between countries and international financing bodies; b. free access to international financial markets and, in particular, the incorporation in them of new banking sources and capacities; c. new and imaginative forms of cooperation between international public and private financing institutions, to facilitate the channeling of resources from the surplus countries to the Latin American economies; and d. new methods of direct financial cooperation between the oil countries and the Latin American economies.

8. Naturally, all of the above will have to supplement the domestic efforts which our countries will have to carry out in order to effect the adjustments the international situation requires, and to carry out the changes satisfactory economic and social development demand.

9. To the new efforts which international cooperation demands, of a financial sort in particular, must be added our own imaginative efforts in the realm of regional cooperation, more in need today than ever before of revitalization and dynamism. In this realm, the creation of the LAIA opens the door to renewed expectations, unaccompanied, regrettably, by similar advances in other integration plans. On the

other hand, the example which Latin America has been providing to the world in the field of energy cooperation is highly praiseworthy and enlightening. The initiative taken by Mexico and Venezuela in contributing to the solution of the problems facing the countries of Central America and the Caribbean area in this sector, the policies adopted by Trinidad and Tobago, and the efforts the Latin American Energy Organization (OLADE) has been making to establish an ambitious energy cooperation program constitute, in our view, concrete and encouraging evidences of the role which regional cooperation can and should play in the future.

5157
CSO: 3010

MEMBERS GIVE REASONS FOR JOINING TERRITORIAL MILITIA

Havana VERDE OLIVO in Spanish 15 Feb 81 pp 34-37

[Article by Jorge Luis Blanco: "Four Stories to Be Told"]

[Text] There are stories that should be told, like that of the two militiamen who in January 1960 shared the only overcoat to protect themselves from the cold; or that of the canteen which slaked the thirst of an entire company; that of the father who took his son with him to the trenches "because you too have to defend the country, old man;" that of the mother who left her little ones with the neighbor while she stood guard at the factory; the old man who reported to the battalion with an atomizer to relieve his asthma; or there was the instructive case of the militiaman who wrote the name of our commander in chief in his own blood.

That is how supportive and patriotic the men and women who make up every popular army are; they postpone their personal interests in order to devote their energies, courage and blood if necessary, to the defense of the land which gave them birth.

Now, with the creation of the Territorial Troop Militias [MTT], there are also stories that should be told, no longer in the past tense but in the present, because these new pages are being written by those same men of the fight in the Sierra Maestra, Giron, the fight against bandits, the October crisis, Angola and Ethiopia.

This article covers exactly that revolutionary story continued by the workers, peasants and students in view of this new call by the country. It is a matter of the statements, simple and filled with love, of those who are the masters of their real fate.

Who Are They? What Do They Think?

As our Commander in Chief Fidel Castro said at the ceremony creating the units of the MTT in Granma Province, "...the cadres for the units of the territorial troops will be chosen from among the members of the units themselves on the basis of the qualities the comrades demonstrate. In all cases, these comrades will receive an immediate training, which will be systematized as circumstances allow. In fact, intensive courses have begun in the academies and other centers of FAR military education, in which basic training is acquired."

One of these courses is already underway in the Comandante Camilo Cienfuegos FAR Artillery School. Enrolled in it are militiamen from all regions of the country, who are receiving an intensive training as substitutes for commanders for political work in their respective units.

"The enthusiasm of the militiamen is enormous," we were told by 1st Lt Miguel Vazquez Gomez, one of the officers responsible for instruction. "Up to now they have obtained the best results in the subjects which have been taught them, primarily in shooting and in political and party work. The grades obtained in tactics are also encouraging."

Who are these men who have temporarily left their jobs to train militarily in defense of the fatherland? What do they think?

Continue reading and you will find the answer to these questions.

1. An Old Young Man

"Tomorrow we are going to practice rifle firing," the chief of the course informed the militiamen.

A comrade jokingly turned to where Pedro Luis Olascoaga was and said: "Old man, do not forget your glasses because without them you could not hit an elephant at three paces."

"Who do you think you are, snotnose," replies Pedro Luis feigning anger, "Yes, I am 61, but with or without glasses I can shoot a rifle with the best of them. Let us wait until tomorrow so you can see!"

Pedro Luis is a character in Squad 64. He is the oldest militiaman taking the course and his comrades never miss a chance to needle him for the sole purpose of having him unleash that sense of humor which only Cubans can use under any situation no matter how difficult it is.

This "old man" who says he has not yet abandoned his youth "which I will keep as long as my index finger is able to squeeze the rifle trigger," was one of those men who on 5 September 1957 participated actively in the Cienfuego uprising.

"I was," he relates, "chief of action and sabotage of the 26 July Movement in Cienfuegos. I took part in the seizure and subsequent defense of the San Lorenzo College, until the ammunition for the weapons ran out. Subsequently, due to the persecution of me by the repressive agencies of the tyranny, the movement decided that I should leave the country. I returned to Cuba again on 5 January 1959."

He immediately joined Battalion 345 as a militiaman, that battalion which for many months operated against counterrevolutionary bands in the Escambray. Pedro Luis has not yet forgotten his rifle or the pack his wife prepared for him before he left for the hills, nor has he forgotten the sweep operations and the encirclements, the peasants who encouraged him with a mouthful of strong coffee. He has not forgotten that Thursday when they found the murdered young volunteer teacher, Conrado Benitez.

"What times those were! With what passion we devoted ourselves to the defense of the Revolution! It was digging in time after time! Everyday with the rifle ready because the Yankees threatened and attacked. Now, our country calls us once more and we are here with the same enthusiasm and patriotism of the first day!"

Pedro Luis is the administrator of a paper recycling plant in Cienfuegos and is a member of the party.

"How have they received the creation of the MTT in Cienfuegos," we asked him.

"That has been tremendous! For example, in the work center I administer there were comrades who were left with the desire to join the battalions unfulfilled, not because they lacked the established requirements, since as you know the movement in addition to being voluntary is selective, but due to the fact that applications exceeded the number required in the unit manning charts.

"But do not believe," explains Pedro Luis, "that enthusiasm is only focused on joining the MTT. On the contrary, production has increased in response to the call made by our commander in chief. That is how it must be: defense and production are inseparable and must proceed as a single whole."

The talk with Pedro Luis Olascoaga takes place in the presence of several of his comrades in the course. One of them approaches and says to him, almost in his ear:

"Hey old man, remember you promised to give me a review of the last class in tactics."

"Do not worry," answered Pedro Luis, "as soon as we return from the firing range we will go to the schoolroom and I will explain away any doubts you may have."

Ah! And the targets had the misfortune of finding themselves faced with the sharpshooting of Pedro Luis Olascoaga. Outstanding, and even without his glasses.

2. Militia Squad

In Jaguey Grande, Matanzas, everywhere there is talk of the militia squad made up of the brothers Bismark Ramos, because the seven have been members of the MTT of the place from the first day.

One of them, Gil, was chosen to take the course of study as a substitute for chief of political work and it is said that the other brothers were angry because it left the squad without one of its principle members. However, they finally resigned themselves to that temporary separation and only a few days ago they wrote him a letter in which they tell him that a firing practice was held over there and that "we all came out well." At the end of the hasty letter, it said: "Well, Chief, when you return, if you want we will help you make up propaganda and whatever task of political and party work we can give you a hand with, although when you return you will have surely become an expert."

There is more: Maria del Carmen, the wife of Gil, wrote him in another letter that she had also joined the militias and that he should not worry because the grandmother was going to take care of the grandson when both of them were in combat training classes at the same time.

Biographic Information on Gil Bismark Ramos (in his own handwriting)

"I was born in Palma Soriano. I am 38 years-of-age. I joined the Rebel Army in 1958, in the Mario Munoz Monroy Third Front. Among others, I took part in the battles of Palma Soriano and San Luis. I was demobilized from the FAR in 1974 with the grade of 1st lieutenant. I work at the Cienega de Zapata Integral Forestry Enterprise as chief of physical safety. I have been a member of the party since 1968. I was awarded the "Twentieth Anniversary of the Attack on the Moncada Barracks commemorative medal."

3. Another Reason

Precisely at this time when Arcadio Rodriguez Gonzalez is endeavoring to obtain a solid training which will allow him to perform the functions of political worker efficiently, Eugenia Garcia, his wife, who is also a member of the militia, is expecting the arrival of their first baby.

"If it is a boy," said Arcadio, "we will name him Rodaev, the same as the hero of the novel "You Will Obtain It By Fighting." If it is a girl, Yuleskia, like the Soviet singer, of whom we have several recordings at home."

Arcadio is only 28. He is the "baby" of the course and according to opinions obtained, he is the most outstanding student.

"Why did you join the MTT," we asked him.

"We Cubans have many reasons for defending what the Revolution has given us," was his reply, "I am going to give you a simple example, that of myself: Thanks to the opportunities for improvement our socialist state has given all its citizens, I am now an agroindustrial engineer. Under capitalism I could not even think of becoming a professional because my parents were of humble origins and you know that the university was reserved for the son of the very wealthy. This equality existing today in all aspects must be defended with sacrifice, with rifle in hand, with blood, anyway possible.

Arcadio understands perfectly the mission that he has been given now: to train as a substitute for political work.

"The FAR," he says, "have a fearful and powerful weapon which the North Americans respect. That weapon is only possessed by socialist armies: Political and party work. Through it the combat readiness of the troops is insured and the soldiers, educated in the theory of Marxism-Leninism, go to meet the enemy convinced of the superiority of the socialist system over the capitalist."

It is possible that when this edition is in circulation, Rudaev has already uttered his first cry, or maybe it is Yuleskia. Perhaps it is both of them! Who knows? Then Arcadio will have one more reason for wearing the militia uniform and taking up the rifle the fatherland gives him.

4. Land or Blood

For Miguel Lopez Martinez, it is a matter of real pride to have been born in Realengo 18, in the land that the peasants defended foot by foot and which they sprinked with their brave blood. His father was one of those.

"The old man," says Miguel, "is 73 years old and precisely on the day in which the MTT were created in the Segundo Frente municipality, he, in addition to becoming a militiaman, became part of the new Congreso Campesino en Armas Cooperative. I am a member of the battalion from there, but on that day I had to be satisfied with watching the ceremony on television because I was here at this course."

Miguel inherited his rebelliousness against injustice from his father. That is why, around the middle of 1958, he joined the Rebel Army in which he stayed until 1961, when he returned once more to the land which since a boy had seen him work from sunup to sundown.

"Times have changed," he recalls, "now the peasant is not exploited and enjoys the rights the Revolution gives him. Why do you think that everybody is a militiaman over there in Realengo 18? If many years ago that land was defended, even with fingernails, how do you think it will be now when we are the ones with the weapons. We do not have those 'pepecha' [presumably Soviet weapons of the PP series] just for fun. They are for throwing lead at the Yankees if they dare to attack us.

While we talked with Miguel, we could not help but recall an excerpt of a work written by the brilliant pen of Pablo de la Torriente Brazu in which he referred to the peasants of Realengo 18:

"But if someone wants to climb those hills in war, let him be very careful, because it was there that Flor Crombet, Guillermo Moncada, Periquito Perez and Antonio and Jose Maceo wielded their machetes against the Mausers of the Spanish! Let whoever wants to climb those hills in war be very careful because from behind a sturdy tree one man with his rifle can stand up to 10 men without fear of bullets and when passing by the canefields, one single machinegun can finish off 1,000 men!...Let whoever wants to climb the mountains in war not to place much faith in airplanes because there are caves there capable of hiding 500 rebels and, finally, whoever wants to throw the hill people out of there should know that they are also like the trees of their forests, which are so rooted in the ground that they are part of the earth also!"

8908
CSO: 3010

RESIDENTS OF MATANZAS HAIL CREATION OF MILITIAS

Havana VERDE OLIVO in Spanish 22 Feb 81 pp 54-56

[Article by Mario Rodriguez: "Militias of Territorial Troops in Matanzas With the April Tradition"]

[Text] Today, the city of Matanzas wears its best raiment. From early afternoon hundreds and thousands of residents joined the interminable parade to the broad esplanade contiguous to the Victoria de Giron Stadium of the Matanzas capital.

Every corner of the city trembled to the sound of cheers and slogans. The reason was obvious: the population of the municipality was preparing to celebrate the ceremony creating the units of the Territorial Troop Militias [MTT].

The activity was becoming a real people's holiday, where everyone without exception was going on this warm February afternoon.

The impressive mobilization recalled the heroic days of Giron when the people, joined in one single purpose, inflicted the first great defeat to Yankee imperialism on American soil.

Medio, Rio, Milanes, Ayuntamiento, Santa Teresa and all the most important streets of the beautiful city wore the militia uniform. It was a new encounter with history.

There, in this new gathering, filled with patriotism and revolutionary fervor, the determination and bravery which was always present in the most crucial moments in Giron, the October Crisis and the fight against bandits, were found once more.

Present were the militiamen of the early days, the soldier of the Rebel Army, the anonymous hero who from his productive post reinforces the revolutionary task every moment that it lives and throbs.

The scheduled time arrives. Militiamen and militiawomen await anxiously, with admirable martialism, for the moment of reciting the solemn oath.

The call to "Attention All" indicates the beginning of the ceremony. The flag and its escort occupy their places in the formation, after which is heard the national anthem. The troop commanders report, vigorous and precise, breaks the silence.

Moments later, Militiawoman Emiliana Roda Gonzalez stands before the microphone and in an emotional, sure voice reads the oath. The "I Swear" pronounced in a vigorous tone by all those present, says much about the daily willingness of men, women, old and young, not to give way, surrender or submit to the enemy.

The strength of the oath is based on the unanimous determination to defend each inch of native soil against any imperialist aggression.

That is the way the oath emphasizes it in one of its paragraphs:

"...Not give a minute's respite to the invader; implacably annihilate him by any means by day and by night everywhere he may be, using the most diverse means of struggle imposed by circumstances; to fight to the last enemy or to the last breath as did Cespedes and Agramonte; Marti, Maceo and Gomez; Mella and Guiteras; Camilo and "Che," as Fidel taught us."

Then came its confirmation, the symbolic delivery of the weapons with which each militiaman will know how to make it a reality; the emotion of all, which now breaks out into a prolonged applause.

Pioneer Gloria Rize now reads a communique in which is expressed the admiration and encouragement of all the children of Matanzas for all the glorious militiamen who forged that victory in that unforgettable April.

Then, the delivery of 1'6,952 pesos for the financing of the members of the MTT brings a new emotional note to the ceremony.

In the donation was implicit the extraordinary effort of hundreds of thousands of ordinary men and women who are willing to give their all for the integrity and defense of the fatherland.

Making the closing speech of the ceremony, the chairman of the Provincial People's Government Assembly, Justino Beato Morejon, pointed out the reception the idea has had among the masses and the high political and ideological level this means, at the same time that he emphasized the capacity for sacrifice reached by our people who have fully committed themselves to its materialization.

He emphasized: "We must give up many hours of rest in order to attain the optimum training of our units. We must not forget that you, comrade militiamen and women, are an integral part of the complex defensive system now under organization but that you are also bearers of the bravery and patriotism which all our people have maintained for many years of struggle."

Militiamen Yesterday, Today and Always

Emiliana Roda Gonzalez, the founder of the student militia in the Matanzas Secondary Education Institute, could not be absent from this new meeting.

We found her, modest and discreet, in a group of women, filled with great happiness as she was during her years as a student.

The chat was spontaneous despite its brevity.

"I want you to know," she says, "that we women, together with our children and husbands, will make of this country a very tough bone for imperialism to chew. "Naturally we have to train for that because in the same degree that we are strong militarily, we shall safeguard our future even more, a future which has cost us so much sweat and sacrifice. To train systematically until we have learned whatever is necessary to make the enemy pay dearly for any audacity, should be our permanent slogan."

With true joy reflected in her face, Emiliana then confesses that this afternoon has been an unforgettable moment for her and for the rest of the comrades.

"You cannot imagine the great happiness that we have at meeting once more with the men and women of those early years of struggles and constant confrontations.

"It has been one of our most pleasing impressions after the emotion we have felt with the realization of the ceremony itself. At that time we were only beginning. These twenty some odd years have served to strengthen our experience and fighting spirit. That is why I feel more a militiawoman than ever this afternoon, although to tell the truth, I have never ceased to be one."

Jose Miguel Rodriguez Perez has been one of the first in this enterprise to apply for entry into the MTT.

And it could not be otherwise in the case of this veteran fighter, who has always been ready to take a step forward in the most difficult moments.

For this militiaman, a lieutenant in the Rebel Army and an invader of the Ciro Redondo Column 8, the defense of the country has been an unpostponable task.

His age? He tells us himself:

"Look, I actually am 58-years-of-age but I believe that it is not important when there is determination and vigor for moving ahead. I am still strong and feel young, though you may not believe it. This very day, for example, I have felt like a young buck of 20.

You see me. I am here ready to take up a rifle whenever necessary. Our enemy of always, Yankee Imperialism, must not forget that these militiamen of today are the same ones who inflicted its first great defeat on this continent.

"If despite these 20 years they have not learned, we can repeat the lesson."

Each one of those, who on this beautiful February afternoon swore the solemn oath, thinks like Jose and Emiliana, communist militants and militiamen yesterday, today and always.

8908
CSO: 3010

MTT POLITICAL, PARTY WORK STUDENTS GRADUATED

Havana VERDE OLIVO in Spanish 1 Mar 81 p 15

[Article by Mario Rodriguez: "To Teach What Has Been Learned]

[Text] With the attendance of a large group of members of the Territorial Troop Militias [MTT] the graduation of the first courses for chiefs, second chiefs and substitutes for political work for this new type of unit took place at the FAR [Revolutionary Armed Forces] Academy General Maximo Gomez.

In the presidium of the ceremony, among others, were Div Gens Abelardo Colome Ibarra and Senen Casas Regueiro, both first substitutes for the minister of the FAR, Div Gen Sixto Batista Santana and Jose Ramirez Cruz, all alternate members of the Party Political Bureau.

Also present were generals, commanders and officers of the FAR, the chairmen of the Provincial People's Government Assemblies and of the Isle of Youth Special Municipality.

The activity began with the playing of the national anthem, after which the orders of promotion and graduation were read.

Then four militiamen, representing the graduates received the pertinent certificates.

The proceedings of the ceremony also included the promotion of a group of students to the first grade of FAR reserve officer.

Speaking in the name of the graduates, Sublieutenant Manuel Lauredo Roman read the pledge in which the first command cadres of the MTT express their gratitude to the party, state, Ministry of the Revolutionary Armed Forces [MINFAR] and the working people for the trust placed on them and for the chance to train for command of their units.

In the document there is also expressed the willingness of this first group of graduates to pass on the knowledge acquired, to be firm and demanding in the application of all organizational principles and the orders and instructions given to the MTT units, as well as to defend the integrity of the country at whatever price necessary to the last breath.

The conclusions were made by Orlando Lugo Fonte, alternate member of the Central Committee and chairman of the Provincial People's Government Assembly in Pinar del Rio.

In his speech the speaker pointed out how with the graduation of this first group an important phase of all the work which has been done for some time for the purpose of concluding the organization and training of this new type of unit, which will go on to become part of the entire defensive system of the country, has come to an end.

"This new phase," he said, "is of great importance in causing the MTT to be born well and to march better in the future." He added:

"We can express our conviction that the arrival by you to the provinces and the municipalities will be a powerful injection which will be felt in the profound work that is taking place throughout the length and breadth of the country." Further on Lugo Fonte pointed out how as of the moment in which our commander in chief announced the creation of the MTT, and after the holding of the Second Party Congress, the resolute and unanimous response of all our people, who are ready to join those units, train from a military point of view and give their unselfish contribution to pay the costs of their financing, may be noted. In another part of his speech, the speaker referred to the enthusiasm this new idea has generated among the masses, which demonstrates the unbreakable faith of our people in their Revolution and their unbreakable will to build and defend socialism at any price.

"Against the threats of imperialism, we have you and all the people to maintain, no matter how difficult the circumstances, our slogan of today and always: "Fatherland or Death. We shall win," he concluded.

8908
CSO: 3010

INTERVENTIONIST ATTITUDE TOWARD REGION SCORED

Guatemala City EL IMPARCIAL in Spanish 6 Mar 81 p 2

[Editorial: "Who Is Intervening in Central America?"]

[Text] It has often been said (and it is a fact even though it is expressed with humorous overtones) that under the pretext of preventing intervention in the Salvadoran conflict, everyone is trying to intervene, each from his own standpoint and with his own particular points of view, from the shipment of arms and use of the mass media to apparently guileless demonstrations of sympathy. For example, in late February in Mexico, works by major painters, including Picasso and Siqueiros, were auctioned off to contribute to "the self-determination of the Salvadoran people," and Cuban folksingers Silvio Rodriguez and Noel Nicola gave their last two recitals in the Iztapalapa building at the Autonomous University of Mexico for the same purpose.

Even though a certain sadness was noticeable that the weapon of detente had been dented somewhat and that its tactic of "two steps forward and one step backward" had been made evident, the 26th Congress of the Soviet Communist Party expressed an interest in the destiny of Latin America. This was reaffirmed at the opening of the USSR-Mexico 81 Exposition in a message from Brezhnev to President Lopez Portillo, who took it as a show of peace and friendship, commenting: "As Brezhnev indicates, the Soviets are invariably on the side of the peoples of Latin America, as well as those on other continents, who are struggling for their sovereignty, for true economic independence and for the right to enjoy their natural resources."

The enthusiasm evinced by Lopez Portillo, who still thinks at times that he is the one who ought to intervene in Central America, must be shared by Hungary, Czechoslovakia, the three Baltic states and the other countries of the Soviet political fief, which it is seeking to extend through our isthmus on the basis of its ascendancy in Cuba and Nicaragua. On 21 February, the Mexican Communist Party pointed out that "the United States seeks to justify a more direct armed intervention in El Salvador and to project it towards Honduras, Guatemala, Panama and Nicaragua. This has not happened," the party adds, "because of President Lopez Portillo's energetic stand"; there was also "a call for Latin American solidarity to struggle for Nicaragua's political independence and to achieve economic independence."

The countries of the "Andean Pact" have also expressed a desire to intervene, in addition to the Christian Democrats. In this regard, the proposal was even

put forward that statesman Willy Brandt personally mediate in the conflict. In this respect, Dr Jorge Domingues, who has just presided over a business forum in Guatemala, doubts that his mediation efforts will have any effect. He reminds us that Germany has tried to remain neutral, and its stand will not influence other decisions. In short, "Bonn will play a part in El Salvador's future, but after Washington, Moscow, Havana and Nicaragua."

Amid the shower of comments filling the air, there has been no lack of criticism, self-interested of course, to the effect that Guatemala intends to intervene. Some people have even claimed that it is intervening, and the same thing is being said of Honduras. The truth of the matter, however, is that if these countries had intervened decisively, the extremist Salvadoran guerrilla movement would have probably been crushed. The Government of Guatemala has, in fact, just reiterated its determination and policy not to intervene in the internal affairs of other countries, adding that it expects reciprocity from them.

On a visit to our editorial offices, one of these spontaneous commentators, who reminds one of the Campo de Marte or the Roman Forum, spoke out against the non-intervention of Honduras and Guatemala at a time when far-off nations, even from outside the continent, are trying to resolve the Salvadoran crisis. He did not fail to acknowledge, however, that the expansionist policy of the Soviet Union, which has already digested the Helsinki banquet, is prompting apprehension in the Western Hemisphere by operating cunningly through subversion and resorting to violence to wear down grass roots resistance and destabilize governments.

Those who would denounce Guatemala for intervening, which it is not, our visitor concluded, do not realize that subversion and violence have upset Central America's integration program, thrown the common market into disorder and are threatening to trigger a broader split, no longer just over economic interests but along political and ideological lines. Moreover, we are still on the list of foreign aggressors, as there is evidence that they would like to extend their influence, if not domination, throughout the isthmus and use us on the market of world hegemony.

In a communique that we published, the Guatemalan Government has just reported details of a scheme that has been unfolding with the participation of Guatemalan opposition ideologues in conjunction with foreign political interests, goals and movements. It would seem that the hardening of U.S. policy, which abandoned the human rights nest warmed by Carter, is in fact precipitating the activities of agitators and troublemakers.

8743
CSO: 3010

SOVIET EXPANSIONIST POLICIES CALLED GRAVEST THREAT TO COUNTRY

Guatemala City DIARIO DE CENTRO AMERICA in Spanish 5 Mar 81 pp 3, 16

[Editorial: "Guatemala Faces One of the Most Serious Threats in Its History"]

[Text] It is no surprise to the Guatemalan people that documents confiscated from a guerrilla in El Quiche clearly show the involvement of Cuba and Nicaragua in the subversive movements that have been taking shape in the country.

Guatemalans are quite aware of this fact. It is unlikely that an informed Guatemalan citizen would consent to take part in activities designed to destabilize his country's economy and institutional fabric, nor would he willingly help install a dictatorship of the far left that would oppress him, his family and his people.

The few Guatemalans who have fallen into the guerrilla trap are mostly young or ignorant individuals who believe in communism's siren songs and feel that the path of the political far left will resolve their and their country's problems. To them we can add a tiny group of intellectuals who, in spite of their enlightenment, also believe in communism's mission of deliverance, even though they have right before their eyes the oppressive failures that are becoming all the more harshly evident in the countries under Soviet hegemony.

In Guatemala we know beyond a shadow of a doubt that Cuba is spurring guerrilla activities and that individuals trained in guerrilla warfare are coming from the island in the Antilles. We have verifiable reports that mercenaries are involved in the guerrilla bands operating in this country and we even know that these are people who have been in Angola and Ethiopia and some in Vietnam. It has come out that some of them are paid $40 a day, plus another $200 when they see action. A few months ago, the minister of defense, Gen Angel Anibal Guevara Rodriguez, made the point that when the guerrillas abandoned their camps in the face of the army's crackdown, they left behind their containers of food. From their appearance and from the laboratory analyses to which they were subjected, these foods were obviously produced overseas and were not at all like what a Guatemalan peasant eats. Most, if not all of the members of the trouble[illegible] groups are unquestionably foreigners.

The Guatemalan authorities have now obtained documents proving the international communist plot against Guatemala. Cuba dispatches large shipments of arms, and Nicaragua allows them to pass through its territory and directs them to subversives in our country.

This is a flagrant violation of the principle of nonintervention in the internal affairs of other states and an attempt to impose on the Guatemalan people a system of government that not only have they not chosen for their country but have openly rejected.

Guatemala and other Central American countries are turning out to be the victims of an expansionist strategy that the Soviet Union has been pursuing for some years and that it has now intensified in the direction of the Americas, with Central America as the current target of its designs for hegemony.

Central America is up against one of the most serious threats in its history. This is the first time that our region is so openly the target of a plan of domination, of subjugation by a foreign power that is availing itself of the subterfuge of puppet governments forcibly imposed by its weapons, plans, experts and money.

Central America is being wounded amid the vicissitudes of a struggle for world domination in which the Soviet bloc is trying to gain increased leverage.

It is up to us Central Americans, to us Guatemalans in our specific case, to defend with our every means and with the strongest of determinations, the freedom that belongs to us, that we have won and that we cannot lose.

The system of representative government and the republican structure of our institutions are superior to the frustrations that result from the governmental organization and lifestyle that the communist system has regrettably imposed on numerous peoples.

Cuba and Nicaragua, and the country operating behind them, which is none other than the Soviet Union, have affronted Guatemala by meddling in our internal affairs to the serious extent of sending in and arming gangs of subversive troublemakers whose goal is to seize power and place our country inside the sphere of Soviet hegemony and to have it serve and be sacrificed for Soviet, not Guatemalan interests.

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PAPER DISMISSES POLITICAL SOLUTION FOR CRISIS IN REGION

Guatemala City PRENSA LIBRE in Spanish 7 Mar 81 p 2

[Article in the column "Current Events": "The Vast Castroite Plot"]

The disclosures made by the government of our republic regarding the involvement of Cuba and Nicaragua in the subversive activities going on in Guatemala could scarcely have surprised any citizen who is even moderately informed about what is happening in the area. Everything that is now being officially brought to light has been known, though without many details, ever since we learned of the international operation that concluded with the establishment of the Castroite regime in Nicaragua. Amid the initial rejoicing over this communist victory in the isthmus, several international leaders foresaw what would happen thereafter in the rest of the countries of Central America. Their predictions have been accurately borne out.

There is additional evidence supporting our government's claim and demonstrating with abundant details the Castroite conspiracy in this region. The Government of the United States of America has circulated throughout the Free World proof of Soviet-Cuban involvement in the events taking place in El Salvador. The communist hand is everpresent in the training of the combatants, in all of the worldwide propaganda, in the supplies of war materiel through Cuba and Nicaragua (more than half of the 800 tons of arms pledged by communist countries have already been delivered) and in military assistance to further the subversive plans. Give or take a bit, this is a replay of what was accomplished so successfully in Nicaragua.

Perhaps we will now realize the naivete of those who believe that peace can be achieved in these countries through councils, commissions or forums where the sociological-political theory of subversion is discussed in academic terms. Perhaps these documents will make it obvious that an amnesty such as the one proposed by the president of the Congress of the Republic is a pointless, unproductive gesture that bespeaks, rather than good faith, an ignorance of the phenomenon that we are witnessing everywhere. Such offers might be applicable to the problem if we were dealing with isolated events of local origin and with local backing, but under no circumstances when we are faced with an international conspiracy whose aims transcend the province of domestic agents.

Furthermore, we must not be taken in by the appeals for a peaceful solution that we are hearing at present nor by the officious offers of all these mediators. These urgings are for international consumption and come at a time when the tide of the struggle is turning against the Salvadoran guerrillas. The obvious aim is to stay the army's hand, distract public opinion, discourage aid to the Government Junta and give the guerrillas a breather so that they can reorganize, reassess their strategy and ultimately, through concessions wrung from the government, consolidate themselves in the administrative apparatus and continue their subversive activities from within when conditions so dictate.

None of this comes about by accident; it follows a pattern that has been tried out and reworked from the days of Vietnam to the present, in accordance with the circumstances of each case. Each actor has a duly assigned role. Even the people who come spontaneously on the scene and sincerely and innocently appeal for peace, for peaceful solutions and things like that have been duly taken into account, as they are relied upon to lend the undertaking credibility. The idea is to have the situation look from afar like a domestic problem, so as not to compromise the sponsors, who want to remain harmlessly on the sidelines, at least while the struggle is being decided. Their involvement comes to light when the laurels are bestowed. It is then that they come to take over, to be paid the homage of gratitude by the "liberated." During the celebrations marking the first anniversary of the Sandinist victory, Fidel was lord and master, basking in the unconditional veneration of his proteges.

World public opinion has been apprised of the Castroite plot in Central America by the disclosures of the United States and the reports by the Guatemalan Government. Whoever wishes to fool himself, whether in good or bad faith, will be able to do so because the siren songs (often sheer political demagogy) will not cease. But there is something else, something that the Guatemalan Government ought to study at length: the need to accord the northern axis of the isthmus an active, energetic and undisguised role so that these countries can meet the challenge together, in the knowledge that if they do not do so, they will remain isolated, continue talking about nonintervention and become victims of the grim conspiracy.

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PAPER DENOUNCES SEPARATIST PLOTTING ON ATLANTIC COAST

Managua BARRICADA in Spanish 24 Feb 81 p 3

[Editorial: "Separatism Strikes at National Sovereignty"]

[Text] The serious incidents yesterday in Prinzapolka are the first consequences of the separatist scheme on the Atlantic coast that the group headed by former OSN [Office of National Security] agent Fagoth is carrying out in complicity with domestic and international reactionaries.

But a plan like this cannot be created out of thin air. There is an objective groundwork on the Atlantic coast for the counterrevolution to try and organize such a movement.

Historically, the coast was the target of first British, then American imperialist plundering. The people there were colonized economically, socially and culturally by the agents of imperialism and their enclaves. After the Mosquito Coast was liberated early this century, it was brutally neo-colonized by the Americans in an even more barbaric way than the rest of the country. Looking to the rest of Nicaragua, they saw only the genocidal, hunger-causing face of Somozism. Their historic grievances, their right to the land and progress, were never satisfied. Furthermore, progress towards integrating them into the Nicaraguan nation was curtailed.

When our revolution emerged triumphant, the people there, with their unmet historic grievances that even the revolution is unable to satisfy in the short run, became the target of imperialist enemy efforts to strike at our sovereignty and the self-determination of Sandino's people.

Decades of economic, social and cultural penetration, paternalism and the Somozist corruption that is rooted in several sectors and in a large group of hired agents, are conditions conducive to making the Atlantic coast part of imperialism's schemes against the Sandinist Revolution.

It would seem mad for anyone to propose separatism for such an economically and socially backward region. In the first place, separation from what? From Nicaragua and the Sandinist Revolution? It would seem elementary logic that such an area's economic and social development is possible only through economic, social and cultural integration with the rest of the country.

Furthermore, whom would they join after separating? Development is impossible without integration into more advanced economies and societies. Our experience shows that the imperialist alternative gave the Atlantic coast only backwardness, poverty and holes, both in the lungs of the workers and in the hills of gold; either that or they simply stripped our forests clean.

It is the revolution which, despite the structural limitations it has inherited, has proposed, ever since the emergence of the FSLN [Sandinist National Liberation Front], integrating the Atlantic coast into Nicaragua's national and social development. The literacy program in native languages, health care services, roads and means of communications are all examples of the Revolutionary Governments efforts to integrate the Atlantic coast. This is the only alternative, especially because under the geopolitical conditions of a Central American throttled by imperialist domination, Free Nicaragua is the only real chance for national and social liberation that the people on the coast currently have.

But the machinations of imperialism and the domestic reactionaries against our people, of which the ethnic groups on the coast are part, have made the process of integrating the Atlantic coast into the rest of the country a problem of safeguarding our territorial integrity, of defending the homeland and the revolution. Today, integrating the coast means defending the revolution.

The aggressions are there to see. The standard-bearers of separatism are a tiny minority who in the past were agents of Somozism and imperialism and who today are endeavoring to continue serving their foreign masters. Their plan is obvious: exploit the limitations of the revolution in meeting the coast's needs and take advantage of their cultural and social backwardness to fool the Misquitos, Sumos and Ramas.

In the face of these developments and the strategy of the imperialists and local reactionaries, our Revolutionary Government must act with the utmost vigor against the agents of the counterrevolution. Revolutionary justice must be implacable with these elements.

Our revolution, which is unique in all the world for its generosity, must defend itself, because a revolution that is incapable of defending itself ceases to be a revolution.

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MODERATION URGED ON ATLANTIC COAST ISSUES

Managua LA PRENSA in Spanish 27 Feb 81 p 2

[Editorial: "Minister Ramirez' Sound Approach"]

[Text] "We want calm to return, violence to cease, respect to be maintained, moderation to be practiced and no sort of violence to exist. This is a problem for all Nicaraguans."

This remark was made by the minister of INNICA, William Ramirez, during his talk with newsmen last Wednesday shortly before leaving on a peace-keeping mission to the Atlantic coast.

Regrettably, a series of violent incidents have taken place that must be examined and analyzed without political emotions. This is a domestic problem that elements outside our homeland could take advantage of to bring on a civil war. Therefore, Commander Ramirez' candid and sound approach is worthy of just recognition.

We must not create a situation that aggravates our differences with our brothers on the coast. Hence, it is very important that foreign elements do not head up the forces of State Security, because that could bring on a more difficult situation.

Nor is it a good idea to create a tense atmosphere through mass arrests of MISURASATA leaders, because that could heighten the tensions that already exist.

Only a dialog such as the one proposed for the peace mission that has traveled to the Altantic coast can help to achieve a broader understanding and a quick solution to the problem.

Since there are contradictory accounts of what happened in Prinzapolka, it is up to this peace mission to reconcile them and present to public opinion an accurate account of what happened, thus giving our people an example of veracity and objectivity which will, in turn, bring about a lessening of tensions.

The Atlantic coast is part of Nicaragua, just as Monimbo is, but because of its location and ethnic makeup it merits special attention and respect for its demands for autonomy as long as they do not go to the extreme of separatism.

The country's treatment of the region must be conducive to further integration, while always preserving its own identity and ethnic culture.

This is unquestionably a complicated prescription, but it is not unique. Many countries have varying social and ethnic makeups while preserving monolithic national unity. Therefore, the problem of our Atlantic coast has a solution, and the solution is the hands of the Nicaraguan people.

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RUIZ EMPHASIZES PLURALISM, UNITY AT CARN MEETING

Managua BARRICADA in Spanish 1 Mar 81 p 12

[Text] "We are respectful of the self-determination of peoples. The only blame that we are willing to take is that which stems from our example."

Commander of the Revolution and Planning Minister Henry Ruiz Hernandez said this yesterday in closing the second regular meeting of CARN [Action Committee for the Reconstruction of Nicaragua], which was held for 2 days in the Dario Room at the Managua Intercontinental H .el.

Delegates from 16 member countries of the Latin American Economic System (SELA) applauded the closing speech by Commander Ruiz, who appealed for Latin American pluralist unity and stressed the need "to confront the longstanding chains of dependence."

Commander Ruiz outlined the economic situation in Nicaragua and expressed thanks for the aid received from the countries of Latin America. His address was described as "enlightening and inspiring" by the permanent secretary of SELA, Carlos Alzamora, who also took part in the closing ceremony of the CARN meeting.

"Our revolution is continuing its endeavor to emerge from backwardness," the planning minister said; "the Sandinist People's Revolution will continue its course.

"We must express our gratitude and say that some day we too might be able to help," adding: "It's not that we see this as a loan to history, but our gratitude is towards the future even though Nicaragua's needs are for today."

People, State, Patriotic Businessmen and Friendly Countries

Elsewhere in his address Commander Ruiz mentioned the active players in our economy, whom the leaders of the revolution have repeatedly singled out: the working people, the State, patriotic businessmen and the international community.

Delving further into the role to be played by businessmen, Minister Ruiz conceded that there are businessmen who have doubts about the revolution, "some of them reasonable and others that are very subjective."

He said that our country's economic realities necessitate the efforts of the entire nation, not just one sector, and here lies the role of businessmen, who must work with "a new sort of patriotism," which Commander Ruiz compared to the humanism of revolutionaries and Christians, in "a shared effort to live and let live."

He pointed out, however, that there are still businessmen who do not understand this, and "although we are patient because we feel that this is a problem of time, the fact is that in addition to patience there is the daily quick work pace" to reconstruct the country.

"This is not being unconditional," Ruiz clarified; "this is a new patriotism as part of a shared effort of the entire nation.

"The point is," he added, "to be a Nicaraguan in the present, not a bootlicker as in the past."

Discussing world economic injustice, Commander Ruiz asserted that while the poor countries have debts of $80 billion, "we see news reports that U.S. missile complexes cost $33 billion.

"Lending has become a weapon," he said, "and while arms expenditures increase, bread becomes a tool of blackmail."

The planning minister also stated that at times our countries seem to be talking about plenty in a home of hungry people when "we talk about industrial recovery in a farm products exporting country that still uses the plow."

With regard to the technology that is controlled by the world's powerful, Commander Ruiz said that "it belongs to mankind and ought to be devoted to progress for mankind; technology ought to be used for development, not for alienation."

Unity: Bolivar's and Sandino's Dream

Towards the end of his closing speech, Commander Ruiz again expressed the need for Latin American unity based on pluralism.

Recalling Bolivar and Sandino, he said that Latin American unity was the dream of both of them, and "they both saw where the danger lay, and history has confirmed that the danger existed and still exists."

"Let no one tarnish our brotherhood," Ruiz exclaimed. "Friendship and brotherhood. A carrousel of Latin American flags waving in the future," he concluded. He was then applauded by his audience, which included, in addition to government delegations, observers from international organizations such as the IDB, the UN Development Program, the Secretariat of Central American Economic Integration and the Central American Bank of Economic Integration.

Latin Americanist Emotion

Seated on the speakers platform at the closing session of the CARN meeting were, in addition to Commander Ruiz, the permanent secretary of SELA, Carlos Alzamora, the president of SELA and the Nicaraguan minister of FIR, Haroldo Montealegre, as well as other SELA and Nicaraguan Government officials.

Alzamora responded to Commander Ruiz' speech with these words: "You can rest assured that all of us appreciated the significance and importance of your enlightening and inspiring message.

"I would like to thank you for your candid, truthful and courageous message, adjectives that also apply to your personality and record of service.

"We appreciate the dignity, beauty and Latin Americanist emotions that have inspired you, and this warrants our profound respect.

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HASSAN'S STATEMENTS ON INTERNAL THREAT TERMED ALARMIST

Managua LA PRENSA in Spanish 5 Mar 81 p 2

[Editorial: "Defending Is Not Attacking"]

[Text] The ACAN-EFE Agency broadcast statements by Moises Hassan, a member of the Government Junta, on Journalists Day. In his remarks Hassan spoke bitterly and harshly of an ideological struggle against the revolution, confusedly lumping together imperialism, Somozism, Robelo, Jose Esteban Gonzalez, the leaders of the political parties, etc.

Spreading this kind of false image of an internal war only serves to sow the seeds of unrest and further jolt our shattered, ailing economy.

It is our feeling that no one working and living inside our country is attacking or wishes to discredit the revolution, the real revolution (the one that we all undertook, the one that is expressed in the Fundamental Statute and in the Junta's guidelines for governing), the revolution for a mixed economy, for democracy and for a new republic, the pluralist revolution capable of creating a new and free socialism. Rather, everyone wants to take part in seeing it succeed, because this revolution belongs to all and makes its demands on all.

As far as an ideological war is concerned, we feel that if there is indeed a confrontation of ideas, the situation is exactly the opposite of the one Hassan depicts. In other words, here we have a Christian, democratic people who fought in unison for the essential elements of its national being, which were threatened and trampled on by Somozism, and now this people is the target of an ideological offensive by government officials who would like at all costs to replace their outlook with an imported, alien one. What we have, therefore, is the majority of the people defending their ideas and beliefs. Imperialism is not paying Christians for their determination to remain Christians. Outside money is not going into Indian communities to help them defend what they feel are their dearest traditions. Nor is there "a complex," sinister "enemy" encouraging the will to be free and to create our own, original revolutionary and democratic solution.

We do not think that it is fair and honest to thus distort the history that we are shaping. The victims are not executioners; the attacked are not the

attackers. We all want the masses to enjoy the justice for which thousands of Nicaraguans sacrificed their lives and for which the united people fought. Except for a minuscule minority, however, no one believes that the solution is class hatred, Cuban-style dictatorial statism or a materialist ideology that wrests from the people their faith in God.

The revolution is not being attacked. The revolution is being defended. The real revolution. Our revolution.

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NEW ECONOMIC MINISTER FONG POEN ON POLICIES

Paramaribo DE WARE TIJD in Dutch 9 Feb 81 p 3

[Interview with Minister Fong Poen by Mr Pinas of the National Information Service]

[Text] On 1 February I. E. Fong Poen, the new minister of economic affairs, presented his view of the various economic problems of our nation in a television interview. In this interview Mr Fong Poen also explained the tasks and goals of the Center for Industrial Development and Export Promotion (INDEX). Here follows the entire interview.

Question: Mr Fong Pone, our president has already stated that, as the new manager of the Ministry of Economic Affairs, you boarded a traveling train with an already designated itinerary. In this connection what do you consider your most important task?

Answer: Mr Pinas, it is indeed true that I boarded a traveling train, but I did it because I realize with the majority of the people that the revolution created new opportunities to work for prosperity and happiness, not just for the rich and well-to-do, but also for the poor and the socially disadvantaged in our society. The tasks I took upon myself in this connection must be viewed as an integral unit. While I am working on the solution of the most pressing problems I found in my ministry, I must also work on more structural affairs.

Question: Can you give us a few of the pressing problems?

Answer: Because of the economic depression which began towards the end of 1978 and the exodus of our countrymen to the Netherlands, in conjunction with the after-effects of the energy crisis, business was confronted by, on the one hand, a shrinking market and, on the other hand, the inflationary effects of the energy crisis. The conditions of a number of businesses deteriorated and it is therefore not surprising that, already at the start of my work, I am besieged by many requests for price adjustments or assistance. Another very important point is our responsibility to make a continuous supply of basic necessities available to the entire population. This requires a good evaluation of the position of the C&S and the role of commerce.

As regards government owned enterprises I want to make special mention of vital businesses, namely SLM [Suriname Airlines] and SMS [Suriname Steamship Company] where some problems are now urgently in need of a solution. These enterprises should not only be evaluated by their micro-results but also by their macro economic usefulness.

Question: What is your philosophy as regards price control?

Answer: On several occasions the government mentioned the idea of solidarity whereby the social partners must bear collective responsibility for the general prosperity and the welfare of our nation; special interests can only be seen as an extension of the general welfare and not the other way around. This encompasses my ministry's looking at special interests in the economic picture against a background of general interest.

Question: How do you see that in concrete terms?

Answer: The business world must have enough incentives to guarantee the continuity of its activities on a long-term basis. This means that we should evaluate every request with a view to realistic profitability which can guarantee the continuity of our economic activities. On the other hand, we should be aware that mismanagement or stupidity will have to be paid by our society.

Question: According to you, what are affairs of a structural nature?

Answer: These affairs must be seen in the light of the renewal of the social-economic order which requires in the first place the introduction of new structures conducive to balanced economic development. This process begins of course in my ministry. The tasks and qualifications of my ministry must be reformulated not just to enable it to solve current affairs with expedience but also to take the initiative more often.

Afterwards the ministry's internal organization has to be changed drastically to enable to adequately perform its assigned tasks.

Question: What subjects should be tackled in the near future?

Answer: The ministry must be subdivided to handle specific tasks and responsibilities; it will create a great deal of specialization to solve problems on every level.

Some matters will have to be solved as soon as possible.

I want to mention the following: Import policies/commerce management/internal economic relations (management of industry)/transportation (steamships, airlines)/tourism.

Permits and licenses to open new businesses.

Investment legislation and quality control.

Legislation improving the economic order.

All these things should no longer be isolated subjects but be treated as extensions of general social-economic policies.

Question: The government declaration states specifically that in this very year, I mean 1980, the Center for Industrial Development and Export Promotion will become operational. What has been accomplished up till now?

Answer: Let me assure you that the center is already functioning. There have not yet been activities noticeable on the outside, but internally a lot preparatory work has been done. Next week it will already perform its first public activities when it will begin its inventory of industrial initiatives.

Question: Why is this center so urgently needed?

Answer: This government intends to vigorously promote industrial development; right now several departments are directly or indirectly irvolved which necessitates a coordinating center with ample authority to give it impetus. It is also very important that potential investors can go to a central authority for information and service resulting in smoother handling of their proposals and ideas.

Question: You indicated that the center will soon begin with an inventory. How soon is that and what is the scope of this inventory?

Answer: From 2 February on every person with projects and ideas concerning industrial matters will get the opportunity to have these projects registered by the Center for Industrial Development and Export Promotion, abbreviated to INDEX. This inventory will acquaint the government with projects which can be set up on short notice and possibilities which require long-term planning and execution.

Question: Will only projects be registered which are ready for execution or also projects requiring government facilities and assistance to get off the ground?

Answer: No, all projects, no matter what their stage of development might be, must be registered because INDEX will also determine on a medium long-term basis what services it must provide to assist in rounding off the project development phase. We are in this respect also clearly interested in identified expansion possibilities of existing enterprises.

Question: Do you not run the risk that investors are not willing to supply confidential information?

Answer: There is indeed such a risk if they are not well informed, but at the inventory we will not ask for a feasibility study or operations plan; we will be asking for relevant information to give us an overall picture of the various initiatives. During registration we will nevertheless be very careful and employ a reliable system. We will only ask for additional details in the second phase but we are then in the concrete phase of active assistance.

Question: What happens if some persons omit to register their project or idea?

Answer: We regret that their projects cannot be taken into consideration during our initial evaluation; it means that they will have a lower priority when industrial initiatives are handled.

Question: What will then be done with the information you received?

Answer: This information will be sorted by category and added to the production possibilities already identified by the government and existing production activities, it will give us a good idea of industrial possibilities which can be realized on short notice.

Question: What conditions must the planned projects meet to be eligible for government assistance?

Answer: The president of our republic has already identified several principles. I will state them here again.

We must strive for greater economic independence.

We should do ourselves what can be done by ourselves.

We must add locally to the value of our raw materials.

We should honor the principle of justice in everything we undertake.

There are of course several components for the development of our industry; it is too often assumed (without justification) that money is the most important component. The other components which are in my opinion much more important, are: Market, technology, know-how and management, energy, raw materials, and labor.

Money is actually only needed at the end of the process. Application of the above-mentioned components as regards our policy of industrial management means that if we control all the listed components we should do the development ourselves.

However, if one or more components are missing we should be prepared to enter into economic cooperation with a third party; the most important principle of such cooperation should be that our people are learning the necessary management skills, know-how and technology. This principle will also be used when we review the projects on the drawing boards and the facilities to be provided by the government.

We prefer therefore to evaluate each project by itself.

Question: When will the principle of justice be applied?

Answer: The inventory gives every person who wants to participate in our economic activities an honest chance to do so. The main idea is here that we are focusing on people.

Question: Will the public also be informed about these registration facilities?

Answer: Yes, there will be an extensive program with more information about the inventory.

Question: Do you want to say something in conclusion?

Answer: By accepting my position I dedicate myself to the 25 February revolution; together with the military and the progressive forces I want to work to bring about the four renewals which are our ideals.

We should not go shortsightedly after a fast buck but work together in the creation of permanent structures which guarantee orderly long-term economic activities.

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